THE SENTRY

Legal Tender?

The Role of Sakunda and the Reserve Bank of Zimbabwe in Command Agriculture

March 2022

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Table of Contents

Executive Summary 1

Command Agriculture 3

Enter Sakunda 5

The Billion-Dollar Program 8

RBZ: The Bank That Likes to Say Yes 10

The Politics of the Program 18

Public Finances 20

Conclusion 26

Recommendations 27

Annex 1 29

Annex 2 34

Endnotes 37

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Executive Summary

Possibly unlawful payments from Zimbabwe's central bank to presidential advisor Kudakwashe Tagwirei's companies formed up to one-third of the $280 million his firms received while running the Command Agriculture program, according to new analysis by The Sentry.

From 2016 to 2019, Tagwirei's firm Sakunda Holdings ran Zimbabwe's Command Agriculture program, which was intended to boost agricultural production through the provision of inputs such as seed and fertilizer to commercial farmers. Sakunda—an oil trading company—was appointed to run the billion-dollar project without an open tendering process.

The Sentry's investigation found that, over the course of the three-year program, Sakunda received $1.28 billion total—$230 million in hard currency and over $1 billion in Treasury Bills—while providing inputs worth $1 billion: a surplus of $280 million.

One of the Treasury Bills was improperly redeemed at a favorable exchange rate by the Reserve Bank of Zimbabwe (RBZ) after a new law had reduced the US dollar value of such assets. While others saw the US dollar value of their Treasury Bills fall, the RBZ protected Tagwirei's asset from this reduction in value when it was cashed in: the central bank sent more Zimbabwean dollars to his firms than it was obliged to by the new law. This decision was worth—in US dollars—at least $50 million, and perhaps up to $100 million, for the oil tycoon's companies. The RBZ's decision does not seem to be in accordance with Zimbabwean law, and the International Monetary Fund reportedly blamed the Reserve Bank's treatment of this Treasury Bill for bloating the money supply and contributing to inflation and the rapid decline in the value of Zimbabwe's new currency from mid-2019.[1] Neither the RBZ nor Treasury responded to a request for comment.

Sakunda, which denies any wrong-doing, testified in Zimbabwe's Parliament that it received the favorable rate so that it could repay foreign suppliers—particularly of chemicals—in hard currency.[2] However, it appears that the Treasury Bill was given a preferential exchange rate partly to allow one of Tagwirei's firms to pay the government for some gold mines and a Zimbabwean military-controlled company for its share of a platinum mining joint venture with a Russian conglomerate. In effect, the publicly owned RBZ was printing money for private companies to buy publicly owned assets.

Zimbabwe's parliamentary Public Accounts Committee (PAC) has accused the RBZ and the Ministry of Finance of acting "outside the law," a charge denied by those entities.[3] The PAC said the RBZ acted unconstitutionally by issuing Treasury Bills to pay for Command Agriculture and many other projects, circumventing democratic approval of spending and borrowing. The PAC accused the government of breaching procurement and public finance rules.[4] In addition to the PAC, the Treasury's own debt management office and the auditor-general both raised similar alarms about the Command Agriculture program and expressed concern about potential conflicts of interest.

The program may also have served as part of a system of patronage. At least some of the Command Agriculture program recipients—who were not selected by Sakunda—were past or present members of the security forces.[5] And Command Agriculture may not have been the only politically motivated expenditure financed by the RBZ. Leaked Treasury Bill issuance notes raise red flags about potentially politicized RBZ spending just before the coup that brought down President Robert Mugabe.

Command Agriculture was the product of a behind-closed-doors culture: the procurement process for this billion-dollar program, the preferential treatment of the Treasury Bill, and the selection of recipients of inputs were all hidden from public view. The Sentry's recommendations therefore include procurement transparency measures that could allow Zimbabwean citizens to see how their money is spent.

Key recommendations

Government of Zimbabwe

The Zimbabwe Anti Corruption Commission should investigate Command Agriculture, specifically:

- Who made the decision to convert Treasury Bills at a preferential rate to benefit a private entity, seemingly contrary to Statutory Instrument 33, 2019, and whether the decision was made in the knowledge that some of the money would appear to benefit a military-controlled company.
- What exactly happened to the January 2019 $366 million Treasury Bill and whether each portion of it was used for a proper purpose.

The government of Zimbabwe should upgrade existing procurement law by embracing open contracting standards. This would make all procurement subject to open, competitive tenders, with all documents available to the public by default. Tendering documents, values (including line items), information on bidders (including beneficial ownership details), draft and signed contracts (along with annexes and sub-contracting information), payments, extensions, and amendments should be published on one central portal. The government of Zimbabwe could follow the example of other states by making the contract invalid unless published, creating an incentive for companies and procuring entities to desire publication.

Multilateral bodies and donors

Currently, while the International Monetary Fund (IMF) and World Bank do not offer their normal concessional loans and grants to Zimbabwe due to unsustainable debt and official external arrears, both bodies do offer technical assistance. Both the World Bank, which previously supported efforts to reform Zimbabwe's procurement law,[6] and the IMF should encourage and provide support to Zimbabwe to embrace open contracting standards.

Financial institutions

Financial institutions should conduct enhanced customer due diligence on transactions involving natural resources in Zimbabwe—especially when transactions involve the Tagwirei network. Zimbabwe desperately needs foreign investment. To ensure the country isn't supporting corrupt networks in the future, the private sector and financial institutions should conduct enhanced due diligence on individuals and entities both inside and outside Zimbabwe with ties to Tagwirei and his companies, as they may pose a higher risk for illicit financial activities. In particular, financial institutions should also take steps to investigate and identify accounts beneficially owned or controlled by Tagwirei and his companies. Zimbabwe has been severely de-risked by global financial institutions, and care must be taken to not disrupt or narrow services to the general population, which is already receiving limited services.[7]

Command Agriculture*

Zimbabwe's summer of 2016/2017 was hot, dry, and tense. El Niño had disrupted global weather patterns, causing the rains to fail in southern Africa.[8] As many families went hungry, President Robert Mugabe declared a state of "Drought Disaster" and appealed for $1.6 billion in aid.[9] Mugabe's financial options were limited. His 36-year-long regime had lurched from economic crisis to crisis: banks and donors were reluctant to lend to a regime with a track record of not repaying debts and abusing human rights.[10]

This was not a strong economic platform for the Zimbabwe African National Union-Patriotic Front (ZANU-PF), led by the visibly frail 93-year-old Mugabe, to take into the 2018 elections. Even worse for the ruling party, in-fighting was rife. Grace Mugabe, the president's wife, supported by the so-called "G40" faction, was positioning herself to succeed him, to the consternation of the military.[11] The Zimbabwe Defence Forces (ZDF) leadership favored the then-Vice President, Emmerson Mnangagwa, partly for self-interested reasons, and partly because they saw him as heir to the legacy of the 1970s liberation struggle against the racist Rhodesian regime.[12]

By 2016, liberation war veterans, traditionally a key political constituency for ZANU-PF, had lost patience with Mugabe and the G40.[13, 14] While some had benefited from the fast-track land reform program of the early 2000s—which saw white commercial farmers evicted, often violently, and their farms redistributed—the veterans now expressed dismay at Mugabe distributing "that land as reward for his foot soldiers."[15] Declaring that they would no longer vote for Mugabe, they blamed him for presiding "over unbridled corruption and downright mismanagement of the economy, leading to national economic ruin."[16]

Command Agriculture was part of ZANU-PF's answer to these interconnected problems. Led by the military and the Office of President and Cabinet,[17, 18] the program was intended to boost agricultural production, making Zimbabwe less dependent on grain imports, which required scarce foreign currency.[19] Along the way, it would help shore up support in ZANU-PF's rural heartlands, particularly among war veterans and former members of the security sector who had received farms.[20]

Two agricultural support programs ran side-by-side during the 2016 to 2019 period. Lower-income subsistence farmers benefited from free inputs, such as fertilizers, pesticides, and seeds, under the Presidential Input Scheme, while Command Agriculture was intended to be a commercial program focused on medium-sized farms.[21, 22] Many such farms found it hard to borrow money from banks to pay for inputs at the beginning of the growing season, partly because they leased their land from the state, rather than owning it outright, making it difficult to use the land as collateral.[23] Command Agriculture got around this problem, as inputs would be bought centrally by a private company rather than by, for instance, the Ministry of Agriculture. These inputs would then be distributed to the Grain Marketing Board (GMB), a government agency to

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**Reports by The Sentry are based on interviews, documentary research, and, where relevant, financial forensic analysis. In some cases, sources speak to The Sentry on the condition that their names not be revealed, out of concern for their safety or other potential retaliatory action. The Sentry establishes the authoritativeness and credibility of information derived from those interviews through independent sources, such as expert commentary, financial data, original documentation, and press reports. The Sentry endeavors to contact the persons and entities discussed in its reports and afford them an opportunity to comment and provide further information.*

which contracted farmers had to sell their harvest. The GMB would distribute the inputs from their depots at the start of the growing season and then buy the farmers' grain at harvest time.[24] Part of the GMB's payment to the farmers would be withheld and used to repay their "loan," the cost of the inputs.[25]

The original design was that the private company would buy the inputs upfront, in effect lending to the government, and it would then be repaid from the proceeds when the GMB sold the grain it had purchased from the contracted farmers.[26] Although the private company requested that their loan be underwritten by a guarantee,[27] the government provided the private lender security in the form of Treasury Bills, short-term debt instruments that can be cashed in by the recipient at a future maturity date with earned interest.[28] The Reserve Bank of Zimbabwe (RBZ) issued Treasury Bills to companies as short term IOUs and paid out either in US or Zimbabwean dollars after the loan period ended. For example, the holder of a Treasury Bill issued for $100 at a "coupon" rate of 5% for 365 days would be paid $105 after the year was up.

The plan for Command Agriculture was that funds collected by the GMB would be transferred to the Treasury and then to the private company upon redeeming their Treasury Bills, although in practice, the private company didn't receive any loan repayments but instead "had recourse" to the Treasury Bills.[29, 30] Taken as a whole, the financing of Command Agriculture was designed to bridge the finance gap between the start of the growing season and harvest time.[31]

That was the theory.

Enter Sakunda

In practice, the Command Agriculture program was intensely controversial. Accusations flew that agricultural inputs were distributed to political cronies as billions of dollars allegedly went missing, causing chaos in the public finances.[32] Part of the controversy stemmed from the choice of Sakunda Holdings to be the private company to run the program. The Public Accounts Committee (PAC), which conducted an inquiry into Command Agriculture, questioned how Sakunda, an oil trader and fuel retailer, was selected.[33, 34, 35]

Sakunda was owned by Kudakwashe Tagwirei, a tycoon who would later become a presidential advisor to Mnangagwa.[36, 37] The company was already controversial for its role in winning a $630 million contract in 2016 to build an emergency diesel generating plant at Dema, to the east of Harare.[38, 39] A forensic audit report commissioned by the auditor-general and published by Parliament found that the Office of the President and Cabinet had interfered with the procurement process in favor of Sakunda—a company that didn't build diesel plants and hadn't bid the first time round.[40, 41] The audit report also found that Tagwirei's firm had then subcontracted the work to an earlier failed bidder, a British company.[42, 43] The government claimed its interference was intended to prevent supposed security implications associated with the original successful bidder, an American company.[44]

Sakunda responded in detail to earlier questions but was unable to respond in time for this publication to a request for comment on the Dema contract.

Normally, a large-scale program should involve a transparent public tender and competitive bidding process that could be scrutinized by government oversight institutions and the public. For Command Agriculture, which would eventually spend more than $1 billion dollars in public funds, there was no open tendering process. Instead, representatives from Sakunda, along with about 40 to 50 other businesspeople, attended a government meeting in March 2016 to mobilize private sector finance for agriculture.[45] Sakunda attended with the purpose of trying to secure a bulk fuel supply contract, but the company ended up submitting a proposal after an invitation was extended to all the companies to structure a financing package for the whole program.[46, 47] While Sakunda told the PAC, "We did not tender,"[48] the firm claims its bid went through a competitive process, and that it was appointed by the authority of the cabinet.[49] Sakunda's role in the program was to provide upfront financing, procure inputs, and then distribute them to GMB depots and—occasionally—directly to farmers. In return, it received Treasury Bills and cash payments. Sakunda's chief operating officer said the firm was chosen for its ability to access scarce foreign currency.[50]

The PAC was critical of this reasoning when Treasury officials also gave it as the rationale for selecting Sakunda: "As a result of fiscal challenges the Ministry officials testified that Command Agriculture suppliers were appointed without going to tender and without respect of the Public Procurement Act with those companies such as Sakunda who had indicated that they had their own foreign currency and thus were able to supply Government on credit. When it was put to them that in fact all Command Agriculture suppliers had received huge amounts of foreign currency from the RBZ contrary to their indication that they would source forex on their own, the Ministry officials had no satisfactory response."[51]

Despite receiving public funds, Sakunda, in turn, did not issue open, public tenders for supply contracts. Tagwirei's company bought inputs from more than 30 chemical, fertilizer, and seed companies, saying it used its own "best internal system" for value-for-money judgments in the selection process, in which the "very highest of rigor was applied."[52, 53] Members of the PAC questioned why Sakunda was used as a middleman to buy inputs from suppliers and requested information about these contractual relationships.[54] Although it agreed to the request, Sakunda failed to submit any further paperwork, making it difficult to ascertain whether the taxpayer got good value for the money.[55] Sakunda told The Sentry that it met all its commitments to the government and that all obligations and deliverables were conclusively reconciled with the Ministries of Finance and Agriculture and subsequently shared with the PAC.[56]

One of Sakunda's hand-picked suppliers was Fossil, a group of firms controlled by Obey Chimuka, Tagwirei's closest business partner.[57, 58] Chimuka has served as director of at least ten companies in which Tagwirei exercised significant influence.[59] Chimuka was also involved in Tagwirei's 2019 purchase of buses on behalf of ZUPCO, Zimbabwe's state-owned bus company.[60, 61] Furthermore, Fossil Contracting built Tagwirei's mansion in Harare and was also contracted to resurface the road outside that property.[62]

The potential risks of such relationships were noted early in the program. A leaked 2017 advisory note on the "Sakunda Facilities" from the Treasury's Public Debt Management Office noted: "In the implementation of this Facility, there is a potential conflict of interest, lacks of checks and balances and no competitive bidding, which is against good corporate governance and in violation of state Procurement Board regulations. For example, the Financier is responsible for procurement of all inputs and there is a huge risk of overpricing."[63]

Sakunda told The Sentry that Fossil was one of many contractors and was by far not their biggest supplier.[64] The risk of over-pricing, whether by Fossil or others, was minimal, said Sakunda, as they "had to meet requisite specifications of all requisite products and their prices, which had to be competitive with the market."[65] Furthermore, Sakunda said there was nothing improper about its decision to contract with Fossil.[66] Fossil did not respond to a request for comment.

The auditor-general also criticized Command Agriculture in her 2018 report, saying that "The absence of detailed guidelines, procedures and nature of accounting records makes it challenging to properly account for financial activities of the program."[67] She recommended that "Treasury should provide detailed guidelines, procedures and nature of accounting records to be maintained so that the programme activities are properly accounted for," and said "the lender should not be involved in both procurement and distribution of inputs in order to separate the two tasks to promote transparency."[68] In her next report, the auditor-general noted that no progress had been made on her recommendations.[69]

The Treasury had ample warning—from its own officials in 2017 and from the auditor-general in 2018—that Command Agriculture side-stepped good procurement practice and ran the risk of conflicts of interest in the procurement process. Both the original selection by the government of Sakunda to run the program and the selection by Sakunda of other suppliers went against the spirit of Zimbabwe's Public Procurement and Disposal of Public Assets Act.

The Public Procurement and Disposal of Public Assets Bill was first introduced into Parliament in 2016, passed into law in 2017, and came into force on January 1, 2018.[70, 71] The 2017 Act replaced the 1999 Procurement Act, which had a large loophole allowing the procuring entity to avoid open competitive tenders and choose another method simply by recording in "its proceedings a statement of the grounds and circumstances on which it relied to justify the adoption of that method."[72] The 2017 reforms made open, competitive tenders the default and then listed a much narrower range of exceptions to that rule, for example: urgency, small value contracts, the failure of a previous competitive bidding procedure.[73]

The original decision in 2016 to choose a closed door, no-tender process in selecting who should run Command Agriculture was governed by the 1999 Act, and therefore open, competitive tenders were not compulsory. However, given that the Treasury and the Office of the President and Cabinet had by 2016 been involved in designing the new procurement law, there was no obvious reason not to choose an open process in 2016. By 2018, when the Treasury signed new Command Agriculture contracts, the new procurement law was in force, and the program should have been put out to public tender, as it doesn't appear to fit into any of the narrow range of exceptions set out in the new law.[74]

Sakunda told The Sentry that, although an open tendering method was not used by government in 2016, it was appointed as part of a competitive process, having put forward the most attractive proposal among other businesses, and that it was appointed in terms of a "Cabinet Authority," which, the company says, is the overriding instrument in terms of the country's public procurement protocols.[75] Sakunda pointed toward other American, British, Australian, and Chinese companies that had received contracts, mining concessions, and oil exploration contracts through this method.[76]

The Billion-Dollar Program

Adding fiscal insult to procurement injury, Command Agriculture, which was originally designed to involve the private sector because the government apparently struggled to raise public funds for the program, resulted in Sakunda receiving hundreds of millions of dollars more than it spent on program inputs. The Sentry has reviewed evidence from the Public Accounts Committee inquiry, together with public financial records, to piece together how much Sakunda received.

In the 2016/2017 growing season, Sakunda participated in both Command Agriculture and the Presidential Inputs Scheme; after the first year, the firm withdrew from the latter to focus solely on Command Agriculture.[77]

Sentry Analysis of Payments and Treasury Bills Issued to Sakunda, 2016-2019

Date of issue	Date of maturity	Tenor	Coupon rate	Treasury Bill USD	Interest	Total	Treasury Bill No.	Purpose if known
31-Aug-16	30-Aug-18	730	5%	10,226,275.00	511,314.00	10,737,589.00	N/A	
31-Aug-16	31-Aug-19	1095	5%	10,226,274.61	511,314.00	10,737,588.61	ZTB1095 20160831B	
07-Oct-16	05-Jan-18	455	5%	20,347,329.00	1,268,224.00	21,615,553.00	N/A	
07-Oct-16	05-Apr-18	545	5%	20,347,329.00	1,519,081.00	21,866,410.00	N/A	
28-Dec-16	23-Mar-18	450	5%	31,800,000.00	1,960,274.00	33,760,274.00	N/A	
09-Jan-17	09-Jan-18	365	5%	31,800,000.00	1,590,000.00	33,390,000.00	ZTB365 201701098B	Command Agriculture
09-Jan-17	23-Mar-18	438	5%	8,831,719.75	529,903.00	9,361,622.75	ZTB438 20170109C	Command Agriculture
19-Apr-17	11-Apr-18	357	5%	26,253,750.00	1,283,916.00	27,537,666.00	ZTB357 20170419A	Presidential Inputs Scheme
15-May-17	15-May-18	365	4%	756,731.25	30,629.00	787,360.25	ZTB365 201701515C	Facility Fee - Presidential Inputs Scheme
15-May-17	15-May-18	365	0%	24,195,000.00	2.00	24,195,002.00	ZTB365 20170515A	Presidential Inputs Scheme
28-Jul-17	10-Dec-18	500	0.00001%	16,738,000.00	2.00	16,738,002.00	ZTB500 20170728G	Command Agriculture
28-Jul-17	05-Nov-18	465	0.00001%	16,738,000.00	2.00	16,738,002.00	ZTB465 20170728H	Command Agriculture
28-Jul-17	15-Oct-18	444	0.00001%	16,738,000.00	2.00	16,738,002.00	ZTB444 20170728I	Command Agriculture
28-Jul-17	11-Sep-18	410	0.00001%	16,738,000.00	2.00	16,738,002.00	ZTB410 20170728J	Command Agriculture
28-Jul-17	07-Aug-18	375	0.00001%	16,738,000.00	2.00	16,738,002.00	ZTB375 20170728K	Command Agriculture
31-Jul-17	31-Jul-18	365	4%	3,347,600.00	133,904.00	3,481,504.00	ZTB365 20170731	Facility Fee - Command Agriculture
31-Aug-17	31-Aug-18	365	0%	83,690,000.00	8.00	83,690,008.00	ZTB365 201700831B	Command Agriculture
15-Sep-17	14-Sep-18	364	0%	83,690,000.00	8.00	83,690,008.00	ZTB364 201700915C	Command Agriculture
21-Dec-17	21-Dec-18	365	0%	83,690,000.00	0.00	83,690,000.00	ZTB365 20171221B	Command Agriculture
14-Mar-18	13-Mar-19	364	0%	127,817,681.00	12.75	127,817,693.75	ZTB364 20180314A	Command Agriculture - includes $4,123,151 Facility Fee
16-Apr-18	16-Apr-19	365	0%	106,119,780.00	0.00	106,119,780.00	ZTB365 20180416B	Command Agriculture
27-Jun-18	27-Jun-19	365	5%	40,000,000.00	2,000,000.00	42,000,000.00	ZTB365 20180627A	
27-Jun-18	27-Dec-19	548	5%	40,000,000.00	3,002,739.73	43,002,739.73	ZTB548 20180627E	
27-Jun-18	29-Jun-20	733	5%	47,501,154.00	4,796,636.00	52,297,790.00	ZTB733 20180627C	
25-Jul-18		N/A	N/A	2,016,682.85		2,016,682.85	N/A	
09-Jan-19	09-Jan-20	365	7%	366,000,000.00		366,000,000.00	ZTB365 20190109B	Command Agriculture
			Sub total	**1,252,347,306.46**	**19,137,975.48**	**1,271,485,281.94**		
			Of which...					
			Command Agriculture	**1,201,141,825.21**				
			Presidential Inputs Scheme	**51,205,481.25**				
Cash payments				**Cash US$**				
Feb-17			Cash: NOCZIM Debt Fund	47,666,667.00				
2019			Cash advance	182,500,790.00				
			Sub total	**230,167,457.00**				
			Cash and Treasury Bills	**1,482,514,763.46**				
			$204m of Jan 2019 $366m TB returned	204,000,000.00				
			Total	**1,278,514,763.46**				

Sakunda testified that it provided inputs worth just over $1 billion from 2016 to 2019 during its time running both programs, including inputs worth $50 million for its one-year participation in the Presidential Input Scheme.[78, 79] (Both revenue and expenditure are discussed in more detail in annex 1.) Over the same period, Sakunda received $1.28 billion: $230 million in hard currency, and over $1 billion in Treasury Bills.[80, 81] Of this total, $51 million was received for the Presidential Inputs Scheme.[82]

It is unclear how much of this $280 million surplus was profit, as it is uncertain which costs are included in the value of the inputs provided. For example, according to RBZ documents, Sakunda received Treasury Bills worth at least $8.2 million in "facility fees"—payments for the government's use of this lending facility.[83]

Sakunda responded in detail to earlier requests for comment but was unable to respond in time for this publication to questions about the list of Treasury Bills issued to it during this period.

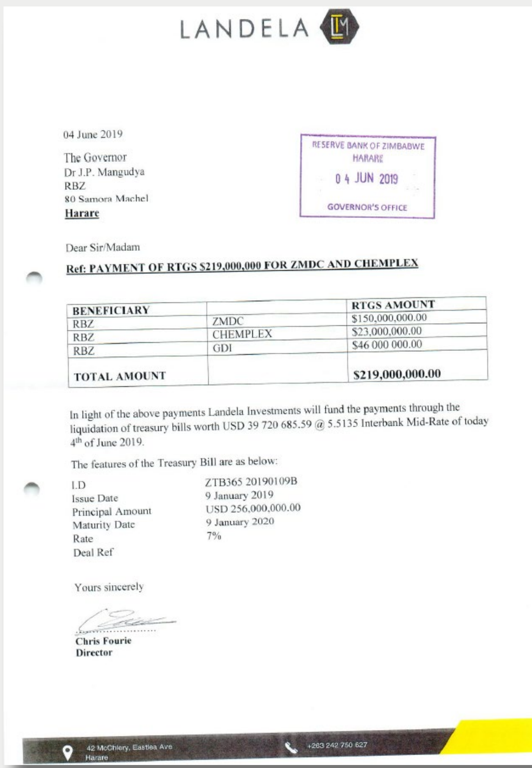
Sakunda appears to have made a healthy $280 million surplus by the end of the program. However, there is some uncertainty over the exact monetary value Sakunda realized from its $1 billion in Treasury Bills. If it had held all the Treasury Bills until maturity, Sakunda would have received an additional $20 million in interest payments, bringing its surplus to a total of $300 million.[84] However, Sakunda likely sold some of the Treasury Bills to commercial banks at a 10% to 15% discount.[85, 86, 87] If Sakunda had sold all the debt instruments for a 10% discount, it would have received about $100 million less, bringing its surplus to a total of about $180 million. Either way, Sakunda would have benefited from having the Treasury Bills as assets on its balance sheet, as they would strengthen the company's ability to borrow to finance other activities.

Sakunda told The Sentry that it had contracts under Command Agriculture from 2016 to May 2019 up to an aggregate value of $987.5 million and that it supplied products up to a value of just over $1 billion.[88] The company says it is incorrect to claim that Sakunda received revenue under this program, as the Treasury Bills were security against the risk of some farmers failing to pay for their loans under the program.[89] Sakunda said that when it did not receive anything towards repayment of the loan, the company "had recourse to calling on the security instruments."[90]

Any financial risk that Sakunda may have undertaken at the beginning of the program in 2016—when it paid cash upfront for inputs and received Treasury Bills in return—had dissipated by 2019. For about 18 months beginning in January 2017, the company received a regular monthly payment of $2.7 million to help smooth cash flow.[91, 92] In 2019, it also received $182 million in cash for the 2018/2019 season,[93, 94] and in January 2019, Sakunda received a $366 million Treasury Bill in advance of the 2019/2020 season.[95, 96] According to Sakunda's testimony to the PAC, as it became clear in early 2019 that control of the Command Agriculture program would move to CBZ Bank, Sakunda returned $204 million of the $366 million to the RBZ, keeping $162 million in order to pay foreign debts to chemical suppliers that were incurred in running the program.[97]

RBZ: The Bank That Likes to Say Yes

Part of the $366 million Treasury Bill that Sakunda received in January 2019 was transferred to another company controlled by Tagwirei, Landela Investments. The Treasury Bill was converted into local currency at a favorable rate by the RBZ, giving Landela the equivalent of $50 million that was then used to purchase gold and platinum mines owned by the government and the military. The IMF reportedly blames this and other transactions related to this Treasury Bill for playing a role in the rapid depreciation of Zimbabwe's new currency in 2019.



LANDELA

04 June 2019

RESERVE BANK OF ZIMBABWE
HARARE
04 JUN 2019
GOVERNOR'S OFFICE

The Governor
Dr J.P. Mangudya
RBZ
80 Samora Machel
Harare

Dear Sir/Madam

Ref: PAYMENT OF RTGS $219,000,000 FOR ZMDC AND CHEMPLEX

BENEFICIARY		RTGS AMOUNT
RBZ	ZMDC	$150,000,000.00
RBZ	CHEMPLEX	$23,000,000.00
RBZ	GDI	$46 000 000.00
TOTAL AMOUNT		**$219,000,000.00**

In light of the above payments Landela Investments will fund the payments through the liquidation of treasury bills worth USD 39 720 685.59 @ 5.5135 Interbank Mid-Rate of today 4th of June 2019.

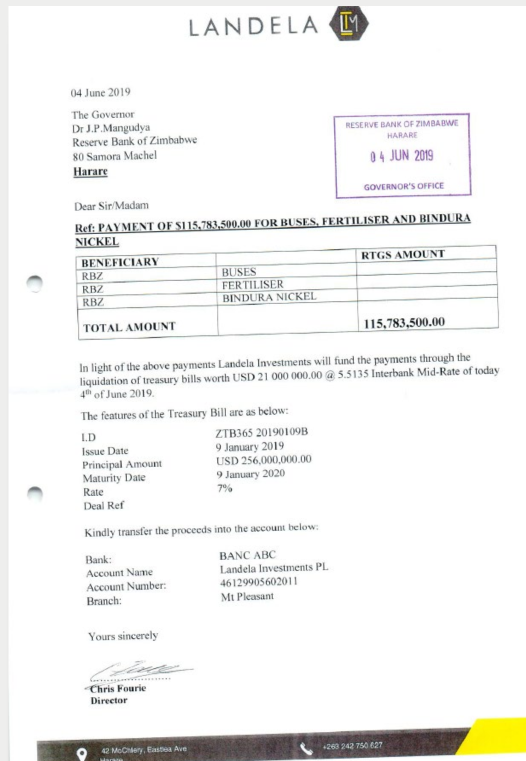
The features of the Treasury Bill are as below:

I.D	ZTB365 20190109B
Issue Date	9 January 2019
Principal Amount	USD 256,000,000.00
Maturity Date	9 January 2020
Rate	7%
Deal Ref	

Yours sincerely

Chris Fourie
Director

42 McChlery, Eastlea Ave
Harare
+263 242 750 627



LANDELA

04 June 2019

The Governor
Dr J.P.Mangudya
Reserve Bank of Zimbabwe
80 Samora Machel
Harare

RESERVE BANK OF ZIMBABWE
HARARE
04 JUN 2019
GOVERNOR'S OFFICE

Dear Sir/Madam

Ref: PAYMENT OF $115,783,500.00 FOR BUSES, FERTILISER AND BINDURA NICKEL

BENEFICIARY		RTGS AMOUNT
RBZ	BUSES	
RBZ	FERTILISER	
RBZ	BINDURA NICKEL	
TOTAL AMOUNT		**115,783,500.00**

In light of the above payments Landela Investments will fund the payments through the liquidation of treasury bills worth USD 21 000 000.00 @ 5.5135 Interbank Mid-Rate of today 4th of June 2019.

The features of the Treasury Bill are as below:

I.D	ZTB365 20190109B
Issue Date	9 January 2019
Principal Amount	USD 256,000,000.00
Maturity Date	9 January 2020
Rate	7%
Deal Ref	

Kindly transfer the proceeds into the account below:

Bank:	BANC ABC
Account Name	Landela Investments PL
Account Number:	46129905602011
Branch:	Mt Pleasant

Yours sincerely

Chris Fourie
Director

42 McChlery, Eastlea Ave
Harare
+263 242 750 627

Letter from Landela Investments to the Reserve Bank of Zimbabwe, requesting payment in RTGS dollars through the liquidation of a Treasury Bill converted at the favorable interbank rate for the purchase of buses, mines, fertilizer, and a chemical company. The mention of GDI refers to a payment to a military-controlled company, Pen East Mining, for purchase of its 50% shareholding in Great Dyke Investments, a platinum mining joint venture with a Russian firm. Source: The Sentry.

According to Sakunda, the January 2019 $366 million Treasury Bill (ZTB365 20190109B) was split: "$256 million went to a specific bank" and "$110 million relating to the same instrument…went to a different bank."[98] Sakunda told The Sentry that $202 million of the $256 million was "cancelled following a mutual agreement between the parties to terminate their contract for the Command Agriculture program."[99] Sakunda told the

PAC something similar—that it returned $204 million of the $366 million to the RBZ, retaining $162 million.[100] In June 2019, Tagwirei's Landela Investments asked its bank to transfer a $60 million portion of the same Treasury Bill (ZTB365 20190109B) to the RBZ, in turn requesting that the RBZ pay local Zimbabwean dollars—Real Time Gross Settlement (RTGS) dollars, later to be called the Zimbabwean (ZWL) dollar—for the purchase of mining companies, buses, and fertilizer.[101, 102] It is unclear how the Treasury Bill was transferred from Sakunda to Landela.

This was problematic for two reasons. First, Tagwirei's companies were using Treasury Bills intended as security for Command Agriculture for other purposes, including buying mining companies held by the government and military-owned companies.[103] Part of Landela's request to RBZ was for RTGS$150 million to pay the Zimbabwe Mining Development Corporation (ZMDC), a state-owned mining company.[104, 105] Leaked internal documents show that Landela was in negotiations to buy four gold mines from the parastatal around this time.[106, 107] Another Landela request was for RTGS$46 million to pay Pen East Mining, a company controlled by the military, for half of Great Dyke Investments (GDI), a platinum mine.[108, 109] A third request was for RTGS$23 million, which was used to settle the debts of Chemplex in advance of its planned—but ultimately unrealized—purchase of Zimbabwe's largest fertilizer and chemical manufacturer, owned by the Industrial Development Corporation of Zimbabwe, a state enterprise.[110, 111] In essence, the publicly owned Reserve Bank was printing money and sending it to private entities that then used those funds to buy publicly owned assets.

The Sentry wrote to Kudakwashe Tagwirei with questions about both Sakunda and Landela. Sakunda Holdings replied, saying that the Sakunda Group is unrelated to Landela Investments and unable to comment on Landela's affairs.[112] A subsequent request for comment to a director of Landela went unanswered.

Additionally, the RBZ appears to have given Sakunda and Landela a preferential rate when converting the US dollar-denominated Treasury Bill into local Zimbabwean currency.

In early 2009, after a period of hyper-inflation, Zimbabwe abandoned its domestic currency and adopted the US dollar. From 2014 on, Zimbabwe slowly reintroduced a domestic currency, first experimenting with electronic quasi-currencies, then adding physical bond notes, and then, in 2019, legislating for a new currency, the Real Time Gross Settlement (RTGS) dollar, which later became the Zimbabwean (ZWL) dollar.[113]

On February 22, 2019, the government brought in Statutory Instrument 33 (SI 33), which specified that, with a few exceptions, assets and liabilities that had been valued in United States dollars would be converted into RTGS dollars at a rate of one-to-one to the United States dollar.[114]

Overnight, some domestic assets—including Treasury Bills—were switched from a hard currency, the US dollar, into the RTGS/ZWL dollar, which subsequently became very soft, declining in value against the US dollar and reducing Zimbabweans' purchasing power for imported goods such as fuel.

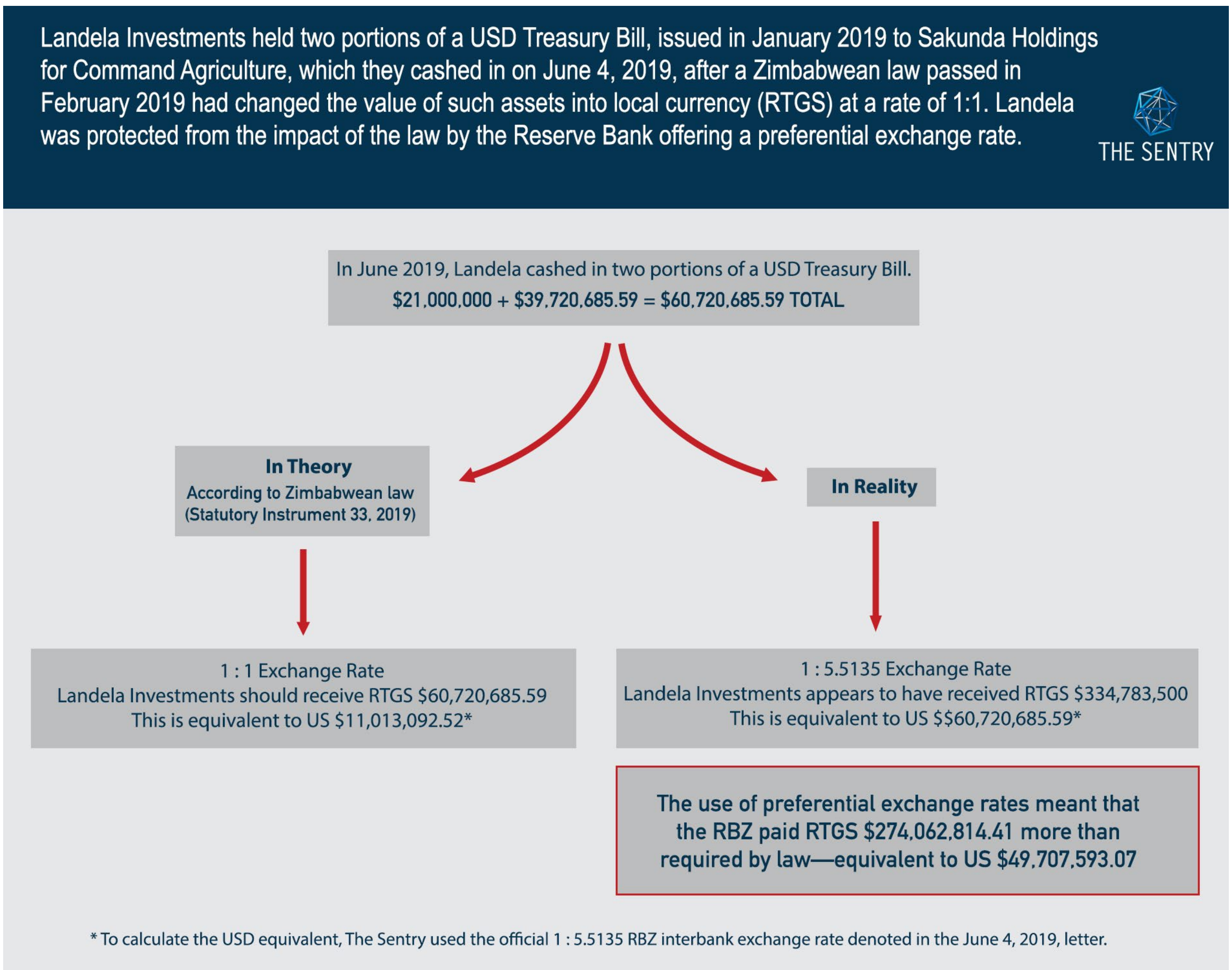
By comparing information on domestic debt published by the Ministry of Finance in 2019, 2020, and 2021, the following table shows how Treasury Bills issued to domestic firms were converted at a 1:1 rate from US dollars to ZWL dollars. The last column shows the approximate value of the Treasury Bill in US dollars, according to the prevailing RBZ interbank rate at the time the Treasury Bill matured. The US dollar value of these assets plummeted after they were redenominated into Zimbabwean dollars, and the exchange rate rapidly weakened.[115]

Value of Selected Treasury Bills, 2019-2021, Before and After Statutory Instrument 33

Issued to	Issue date	Maturity date	2019 (USD)[116]	2020 (USD)[117]	2021 (ZWL)[118]	2021 (USD equivalent, est.)
Mimosa*	2016/09/08	2021/09/08	19,201,036	19,201,036	19,201,036	223,975[119]
Zimplats*	2016/10/31	2021/10/31	11,376,667	11,376,667	11,376,667	117,121[120, 121]

* No wrongdoing is implied on the part of either company.

However, as revealed by the Organized Crime and Corruption Reporting Project (OCCRP), this change did not affect Tagwirei's January 2019 $366 million Treasury Bill.[122] Portions of the Treasury Bill were redeemed at a favorable rate by the RBZ after SI 33 came into force on February 22, 2019.[123, 124]



Landela Investments made its June 2019 request for a favorable rate in two letters to the RBZ, requesting a rate of 1:5.5—the then-current interbank rate. In one letter, it requested that US$21 million be converted to RTGS$115.8 million, while in the other, it requested that US$39.7 million be changed into RTGS$219 million, for a total of RTGS$334.8 million.[125] Had the SI 33 rate of 1:1 been used, Landela would have received RTGS$60 million. The RTGS$274 million difference between what it should have received and what it did receive was then equivalent to about US$49.7 million.

Details in leaked contracts and emails seen by The Sentry match the RTGS amounts requested by Landela in these letters, indicating that the company did receive the favorable rate it requested. For example, according to Tagwirei's lawyer, Pen East Mining did receive RTGS$46 million as part of its payment for its shareholding of Great Dyke Investments—the exact amount requested in Landela's letter to the RBZ.[126] Pen East Mining did not respond to a request for comment. As a prelude to purchasing Chemplex, contracts were also drawn up to pay the chemical firm's creditors RTGS$23 million—the same amount requested in the letter to the RBZ.[127]

From: **Norman Chimuka** [redacted]@gmail.com
Subject: GDI Transaction - Capital Gains Tax Payment
Date: 29 November 2019 at 13:06
To: Kudakwashe Tagwirei kuda.tagwirei@sakunda.com, Christopher Fourie Christopher@soticinternational.com, Everton Mlalazi [redacted]@sakunda.com

NC

Dear All;

The above captioned refers.

This is a reminder that we need to address the Capital Gains Tax 'CGT' issues around the above transaction. Though CGT is ordinarily payable by the Seller on a capital gain. In this case you made an undertaking to settle same on its behalf. Consequently, you are now liable. Since the shares were acquired by PenEast before 2009, CGT is calculated at the rate of 5% of the total sale amount. That figure in this case will be around US$11 000 000.00 since the sale was in hard currency. So we have two issues to deal with, namely, converting the CGT to RTGS and then providing for payment which must be done by 31 December 2019 since the year of assessment for the deal is 2019 failing which I penalty of 100% can be imposed by ZIMRA.

In pursuit of the above, I engaged Pen East for purposes of converting the agreement to a ZWL$ so that CGT becomes payable in the local currency and they have agreed to that course of action. I have scheduled to meet with the Pen East principals on Monday 2 December 2019 at 11am.

Thereafter, it may be prudent to engage the Commissioner General of Zimra for staggered payments since part of the share sale price shall be settled by dividends which shall be due on a future unknown date but over 10 years.

On another note, the Pen East reps allege that when you paid ZWL$46 000 000.00 to them, the rate had moved. They therefore allege that you owe them a balance of ZWL$9 000 000.00 on the initial payment you made to them. They want that issue resolved.

In addition, Pen East reps, have advised me that they are hard pressed as result of a serious litigation of ZWL$30 000 000.00 they owe to ZAMCO. They therefore are kindly requesting for a bail out in that regard.

In light of the above, may we work on resolving and finalising this tax issue.

Kind Regards

NC

The purchase of half of Great Dyke Investments, a platinum mine, from the military-controlled Pen East Mining was partially funded by Treasury Bills for Command Agriculture. This email from Tagwirei's lawyer is confirming that ZWL$46 million—the same amount requested at a favorable exchange rate in Landela Investment's letter to the RBZ—was paid as a first installment to Pen East Mining. Source: The Sentry.

The RBZ acted outside the law in granting the 1:5.5 conversion rate

SI 33, and subsequent cases heard in Zimbabwe's Supreme Court, which interpreted the law, make it clear that the RBZ should not have granted Landela Investments the favorable conversion rate. Section 4(1)D of SI 33 states that "for accounting and other purposes, all assets and liabilities that were, immediately before the effective date, valued and expressed in United States dollars (other than assets and liabilities referred to in section 44C(2) of the principal Act) shall on and after the effective date be deemed to be values in RTGS dollars at a rate of one-to-one to the United States dollar."[128]

Treasury Bill ZTB365 20190109B was clearly an asset within the meaning of "all assets and liabilities." In Zambezi Gas Zimbabwe (Pvt) Ltd v. N.R Barber (Pvt) Ltd and Another, the Supreme Court heard a case about a court judgment debt. It defined that debt as meaning a contractual or financial obligation that can either be an asset to the party in whose favor it is made, or a liability on the party against whom it is made. The court was clear that the origin of the liability—in that case a court ruling—wasn't a criterion for excluding it from the effect of SI 33.[129] The $366 million Treasury Bill was both an asset for its holder and a liability to the issuer.

The two exceptions set out in SI 33—those assets and liabilities referred to in section 44C(2) of the Reserve Bank of Zimbabwe Act (1999)—are for funds held in foreign currency "NOSTRO FCA" accounts and for foreign loans and obligations to be paid in foreign currency.[130, 131]

The Treasury Bill was expressed in US dollars when issued in January 2019. However, it does not fit the definition of funds held in a NOSTRO FCA account. Furthermore, in Breastplate Service (Pvt) Ltd v Cambria Africa PLC, the Supreme Court held that, in determining whether a liability denominated in US dollars counts as a foreign loan or obligation, one needs to consider the factual circumstances of the parties involved and the material substance of the transaction.[132] For instance, did the parties intend for the obligation to be discharged or liquidated outside Zimbabwe? In this case, the key factual circumstance is the Zimbabwean residence of both Landela and Sakunda.[133] As the Treasury Bill was to be liquidated locally at the interbank rate, it follows that the Treasury Bill was not a foreign loan or obligation. Therefore, it does not fall into either of the categories of exception set out in section 44C(2) of The Reserve Bank of Zimbabwe Act (1999).

In short, SI 33 did apply to this Treasury Bill, which should have been converted at 1:1 rate.

Landela requested a favorable conversion rate so it could purchase fertilizers and buses from foreign suppliers and buy mining and chemical companies from domestic entities. The public policy rationale for giving a favorable rate to Landela and Sakunda to pay foreign suppliers is far stronger than for allowing Landela to pay domestic bodies for mining companies. However, in legal terms, those obligations to foreign suppliers are separate from the nature of the Treasury Bill, which still fell within the scope of SI 33. Any decision by RBZ to use a conversion rate other than 1:1 would not have been in accordance with the law.

Along with Landela, Sakunda also seems to have benefited from the favorable rate. In testimony before the PAC, Sakunda said that the Reserve Bank agreed to exchange US$162 million of the January 2019 Treasury Bill into RTGS dollars at the favorable interbank rate, rather than at rate stipulated by SI 33.[134]

Sakunda's Chief Operating Officer, Mberikwazvo Charles Chitambo, said that the reason for this was that "Mr. Governor was aware that we were sitting with a mountain of debt which was now blocking the purchase by anyone of chemicals, especially chemicals, which related to past seasons. And that $162 million was supposed to be used to try and deal with all the debts, especially of chemicals and inputs into fertilizers."[135]

BORROWDALE BRANCH 029 P.O.BOX BW 520, BORROWDALE, HARARE
ZIMBABWE
TELEPHONE:263 (4) 884517 884569
Swift Code:COBZZWHAXXX Branch Sort Code : 6116

Statement Date	23-AUG-2019
Statement Number	Ad-Hoc Statement
Account Number	[redacted]
Account Type	FCANON

SAKUNDA HOLDINGS
PO BOX CY2827
CAUSEWAY
HARARE
[redacted]

Statement Period: 23-Aug-2019 to 23-Aug-2019

Account Currency ZWL

Posting Date	Value Date	Transaction Description	Debits	Credits	Balance
23/08/19	23/08/19	EX RBZ RFB ZTBS SAKUNDA HOLDINGS		498,682,191.08	499,865,754.40

Summary Of Statement

Opening Balance	Debits		Credits		Closing Balance
	No.	Total Amount	No.	Total Amount	
1,183,563.32	0	0.00	1	498,682,191.08	499,865,754.40

Sakunda Holdings bank statement. Sakunda appears to have received a RTGS$500 million payment from the RBZ from a Treasury Bill on August 23, 2019. Source: The Sentry.

It is not clear exactly how much Sakunda gained from favorable rates in total, as the precise dates when portions of the Treasury Bill were liquidated are not known and the exchange rate was rapidly changing during this period. However, if The Sentry's analysis is correct, then the RBZ appears to have given Sakunda at least US$43.8 million more than was required under Zimbabwean law, which, together with Landela's US$49.7 million, totals US$93.5 million.[136]

How much was the RBZ's favorable exchange rate decision worth?

Landela Investments

The two letters from Landela Investments to the RBZ request that US$21,000,000 and US$39,720,685.59 be exchanged into RTGS$115,783,500 and RTGS$219,000,000, respectively.[137] This is a total of US$60,720,685.59 being exchanged into RTGS$334,783,500, at the then-interbank rate of 1:5.5135.[138]

If a rate of 1:1 had been used, then Landela would have received RTGS$60,720,685.59.

Subtracting RTGS$60,720,685.59 from RTGS$334,783,500 equals RTGS$274,062,814.41—the extra RTGS dollars gained by using the favorable rate. Using the same interbank rate, this RTGS$274 million is equivalent to US$49.7 million: RTGS$274,062,814.41 divided by 5.5135 equals US$49,707,593.07.

Sakunda

The precise value to Sakunda of the beneficial exchange rate is harder to calculate, as The Sentry does not have the letters from Sakunda to the RBZ requesting a particular exchange rate on a particular date. Nor is it clear exactly how much was exchanged, as some of the $366 million was returned or cancelled. However, The Sentry does have a bank statement for Sakunda Holdings, dated August 23, 2019. Nevertheless, the analysis of the Sakunda transactions is necessarily more speculative than that of the Landela Investments transactions.

Sakunda received almost RTGS$500 million from the RBZ in a transaction seemingly related to Treasury Bills—the payment is described in a bank statement as "EX RBZ RFB ZTBS SAKUNDA HOLDINGS."[139] This is unlikely to have been a 1:1 transaction, as it would have implied that Sakunda was redeeming a US$500 million Treasury Bill, for which there's no evidence.

Therefore, if the RBZ was using the interbank rate of 1:10.2825 current on August 23, 2019, this suggests that Sakunda was cashing in a US$48.5 million portion of a Treasury Bill: the payment from the RBZ to Sakunda of ZWL$498,682,191.08 divided by 10.2825 equals US$48,498,146.47.[140]

If, instead of the favorable rate of 1:10.2825, the 1:1 rate had been used, then Sakunda should have received ZWL$48,498,146.47.

Subtracting ZWL$48,498,146.47 from ZWL$498,682,191.08 equals ZWL$450,184,044.61—the extra ZWL dollars paid to Sakunda by the RBZ if it used the favorable exchange rate.

Using the same interbank rate, the US dollar value of that extra ZWL$450 million in August 2019 can be calculated: ZWL$450,184,044.61 divided by 10.2825 equals US$43,781,574.97.

Combined

Together the payments to Sakunda and Landela were worth US$93,489,168.

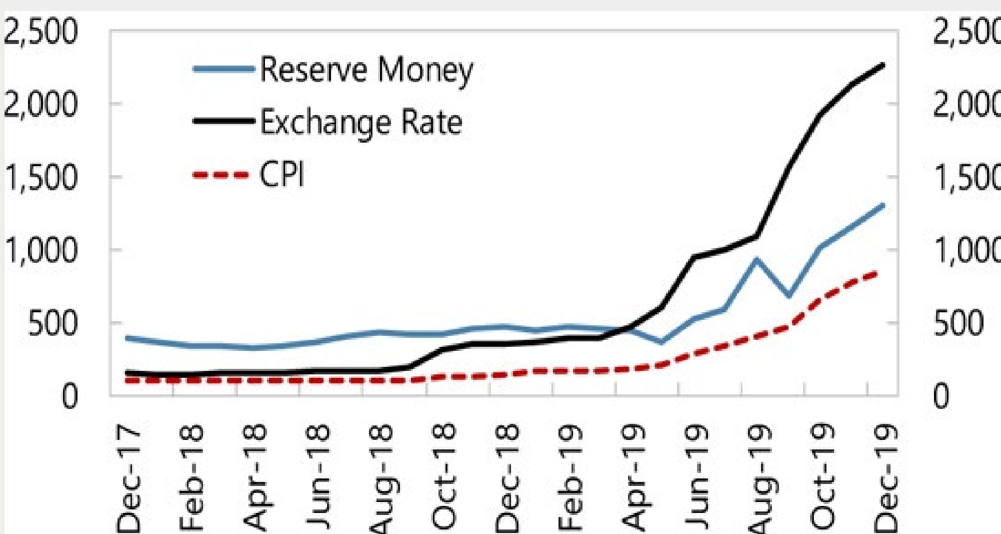
If The Sentry's analysis is correct, then the RBZ appears to have given US$93.5 million more than was required under Zimbabwean law to Tagwirei's companies: US$49.7 million to Landela Investments and, if The Sentry's interpretation of the August 23, 2019, bank statement is right, at least US$43.8 million to Sakunda.

Sakunda said it was never favored with preferential treatment by the RBZ. The company told The Sentry, "It must be noted that SI 33 did not summarily convert corporate USD balances to the Zimbabwe dollar at the rate of 1:1. The net effect of SI 33 was that Government assumed all proven external legacy debts by quarantining them into blocked funds, and they came to an amount in excess of $3 billion on the basis of 1:1 principle. The blocked funds were amounts owed by local companies to foreign creditors in the form of transactions such as dividend remittances, airline transactions, purchase, credit lines for banks, etc. Since then, local companies chose different instruments and structures to liquidate their blocked funds using financial institutions of their choice at the USD auction rate of the day. This was neither exclusive nor a favor to Sakunda but a government position which benefitted more than 600 companies. These funds were traded as United States Dollars at the ruling exchange rate of the day. I refer you to the Finance Bill H B 16, 2021, as ratified by parliament, seeking to rationalize this framework."[141]

The Reserve Bank's actions, by honoring these Treasury Bills at a preferential rate, may have had a macroeconomic effect. The IMF reportedly blames the cashing-in of Sakunda's $366 million Treasury Bill in July 2019, along with other factors,[142] for a tripling of "reserve money," a measure of the money supply.[143]

According to the IMF, the RBZ was essentially printing money, and in an economy where the memory of similar activities leading to hyperinflation was still fresh, doing so eroded confidence in the new currency. The result, according to the IMF, was that Zimbabwe's currency "depreciated sharply following the massive expansion of reserve money," making imports more expensive for ordinary Zimbabweans.[144] Sakunda, in response to The Sentry, said "claims on the alleged depreciation of the Zimbabwe dollar that you are ascribing to the IMF are patently false."[145]

Reserve Money, Exchange Rate, and Inflation (CPI) Trends[146]



In the second half of 2019, the money supply expanded alongside a collapse in the value of the Zimbabwean currency and increasing inflation. Reserve Money, Exchange Rate, and Inflation (CPI) Trends (Indices, January 2016 = 100). Source: International Monetary Fund.

The Politics of the Program

Sakunda did not play a role in selecting who would receive the subsidized inputs. Instead, the Ministry of Agriculture and the Grain Marketing Board (GMB) selected Command Agriculture recipients, according to Sakunda.[147] The company said that they normally delivered the inputs to the GMB, who would then distribute them to farmers.[148] Occasionally Sakunda would deliver straight to farmers because, Sakunda argued, large public deliveries at GMB depots would inspire accusations of favoritism: "If this farmer goes there to collect their 500 tons of fertilizer, there would be a queue of smaller users making observations that there is favoritism here. So, government would, on rare occasions, say to us, 'Take 30 tons of fertilizer and take [it directly] to a [named] farmer'."[149]

Many farmers did not repay their loans. The IMF estimated that 35% defaulted,[150] while the World Bank and the government of Zimbabwe estimated that, in 2018, two thirds of Command Agriculture expenditure was not recovered.[151] As a result, many recipients—who were commercial farmers rather than subsistence smallholders—received free inputs.

Recovery Rate of Expenditure on Command Agriculture, 2016 to 2018[152]

Special Maize Program (USD millions)	2016	2017	2018
Outlays	105	439	238
Recovery	0	48	81
Net spend	105	391	157
Recovery rate	0%	11%	34%

Some of these farmers would have been current or retired members of the security forces. A survey conducted in two rural areas found that between 1 in 10 and 1 in 5 recipients of medium-sized farms under the fast-track land reform program—the type of farm targeted under the Command Agriculture program—were either currently, or had previously been, a member of the security services.[153] In one of the areas, almost 1 in 3 recipients self-identified as a "war veteran."[154]

Indeed, Zimbabwe's military strongly supported the program. Their support even seemed to have played a minor role as a motivating force behind the 2017 coup.

By early October 2017, amid rumors that Mnangagwa had been unsuccessfully poisoned in August, Grace Mugabe openly criticized Mnangagwa, warned of a coup plot, and said: "We are being threatened night and day that if a particular person does not become president we will be killed."[155] On October 9, President Mugabe replaced Patrick Chinamasa, a finance minister aligned with Mnangagwa, with Ignatius Chombo, a member of the G40 faction.[156] According to a historian who has interviewed senior military figures, alongside other motives for the coup, ZDF leaders were worried that the change at the Treasury presaged a corruption probe into Command Agriculture by the police and the Central Intelligence Organisation, whose leadership were perceived as aligned with the G40.[157]

On November 6, 2017, Mugabe sacked Mnangagwa, causing him to flee the country. The coup began on November 14, with the detention of Mugabe, Chombo, and other members of the G40 faction. It then took until November 21 for the military to persuade Mugabe to step down, as his ostensibly voluntary resignation was important for the events not to be condemned as a coup by the African Union.[158, 159] According to an apparently genuine memorandum written by the coup leaders, one of their demands was “The under-resourced Command Agriculture program must be resourced adequately and embraced as Full Party and Government Programme. That all stalled national projects be brought under close scrutiny and supervision by multi-sectoral supervisory agencies as has been the case with Command Agriculture.”[160]

Not all of these “war veteran” and security sector farmers would have received assistance under Command Agriculture, and many of those that did would have repaid the loan. Nevertheless, it is fair to assume that, in addition to its aim of increasing agricultural output, Command Agriculture also provided patronage, delivering subsidized or free fertilizers, pesticides, and seeds to potential supporters from 2016 to 2019, a period of acute political tension.

Public Finances

Under Zimbabwe's constitution, tax and other revenue should be approved by Parliament through an appropriations bill before being allocated to government departments to spend.[161] Ministries should have a formal accounting officer responsible for expenditure, whose accounts are then scrutinized by the auditor-general and by Parliament.[162] Any borrowing should also be declared to Parliament.[163]

Command Agriculture did not operate that way. Instead, led by the Treasury and the Reserve Bank of Zimbabwe, the program was just one part of shambolic public financial management from 2016 to 2019.[164] During that period, short-term borrowing and undeclared spending was rife, adding to Zimbabwe's heavy debt burden, and several Treasury Bills may have been issued for political purposes around the time of the coup.[165, 166]

Zimbabwe's public finances: The accountability carousel

The scale of the Command Agriculture program came to light in 2019 when the auditor-general, in her report on 2017 departmental activity, noted that $2 billion had been spent by the Ministry of Agriculture outside of the amount properly appropriated through the Parliamentary vote.[167]

In investigating that finding, the Public Accounts Committee (PAC) was taken on an accountability carousel. They first asked the Ministry of Agriculture to account for the overspend. The officials from the Ministry of Agriculture claimed the $2 billion, a sum six times the size of the Ministry's budget,[168] had been foisted onto their Public Financial Management System accounts at the last minute by the Ministry of Finance.[169] The Ministry of Agriculture officials said they had no relevant documentations such as receipts or invoices, as the money was passed to the GMB.[170]

When the PAC then asked the GMB, officials there said they had never received any money and only took delivery of seeds and other inputs; they said payments were made by the Reserve Bank.[171] In turn, the RBZ told the PAC that it had made payments directly to Sakunda and other suppliers, but only when instructed by the Treasury.[172] Treasury officials then pointed the finger back at the Ministry of Agriculture, which, they said, would have invoices, receipts, and other relevant documentation for auditing and scrutinizing purchases.[173]

Over a long series of hearings, no one took formal responsibility for accounting for how public money was spent. At one point, when the chair of the PAC suggested that the expenditure outside of the Public Financial Management System amounted to fraud, a Treasury official responded, "It's illegal, I agree with you, but it is not fraud."[174] When the PAC specifically asked who the accounting officer for Command Agriculture was, they concluded that the permanent secretary at the Ministry of Agriculture "accepted that legally (de jure) he was but de facto he was not."[175]

In successive reports for 2017, 2018, and 2019, the auditor-general warned against payments from unallocated reserves being used to bypass line ministries and the consequent lack of documentation accounting for public spending ostensibly on behalf of the Ministry of Agriculture but actually paid directly by the Ministry of Finance and the RBZ.[176, 177, 178] The fact that the problem persisted over multiple years implies that her warnings fell on deaf ears.

The PAC also accused the government of acting unconstitutionally in how it paid for the Command Agriculture program, essentially by printing money outside the budget approved by Parliament.[179]

Zimbabwe's constitution requires that all loans be declared to the public and Parliament and that no money be withdrawn from the Consolidated Revenue Fund—the main pot into which taxes and other revenues are paid—except to meet expenditure authorized by the constitution or by an act of Parliament.[180] The constitution further states that "the Minister responsible for finance must cause a Bill to be known as an Appropriation Bill to be introduced into the National Assembly, and that Bill must-- a. provide for money to be issued from the Consolidated Revenue Fund to meet the approved expenditure; and b. appropriate the money to the purposes specified in the estimates, under separate votes for the different heads of expenditure that have been approved."[181] If it turns out that the amount of money provided for a particular purpose is insufficient, the finance minister should present an additional or supplementary estimate to the National Assembly.[182]

Finally, the constitution anticipates unauthorized expenditure. It states that the finance minister must introduce "a Bill into the National Assembly seeking condonation of the unauthorised expenditure … no later than sixty days after the extent of the unauthorised expenditure has been established."[183]

The constitution reflects the essential point that it is ultimately Zimbabwean citizens who pay for public spending and borrowing, and democratic consent is therefore needed.

Not just agriculture: The role of the RBZ in unconstitutional spending

Command Agriculture was part of a wider spending spree—largely funded by the RBZ—that avoided Parliamentary scrutiny. In 2019, the government brought forward the Financial Adjustment Bill, seeking retroactive Parliamentary approval on $9.6 billion in unbudgeted expenditure from 2015 to 2018, of which $5.2 billion was spent on agriculture.[184] The PAC report, which focuses only on 2017 and 2018, sheds some light on how that money was spent and on the role of the RBZ.

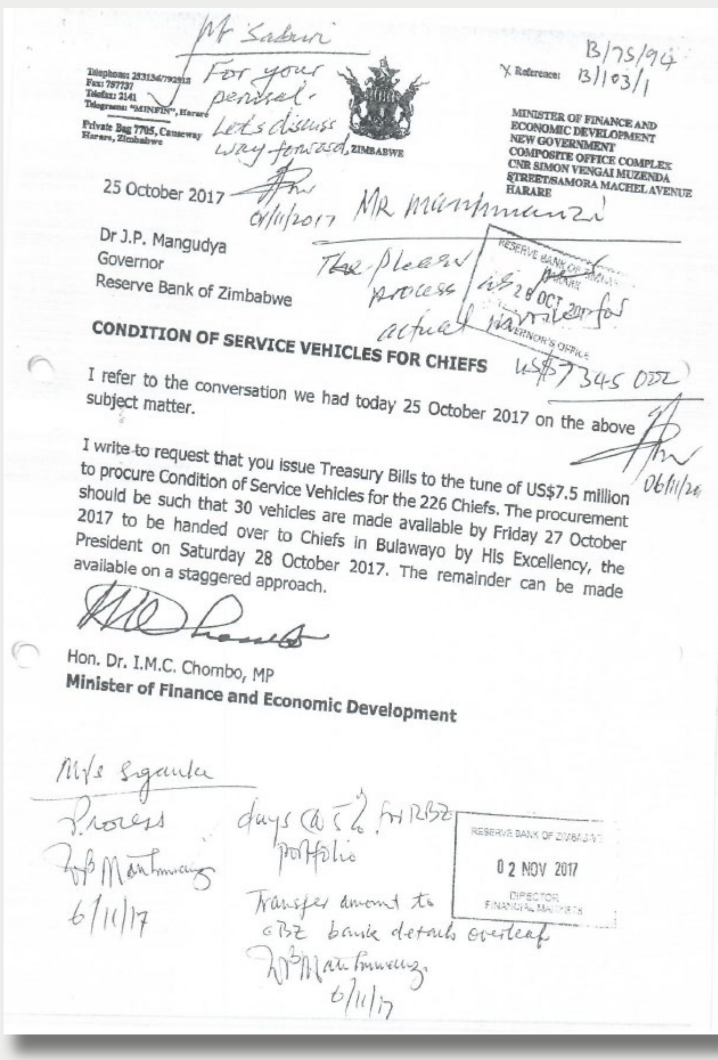
The Ministry of Finance provided the PAC with a schedule of payments for unbudgeted expenditure for 2017 totaling $2.7 billion and for 2018 totaling $3.4 billion—more than $6 billion in total.[185, 186] Taking those two years—2017 and 2018—the Command Agriculture expenditure can be placed in a wider context, highlighting the role of the RBZ in facilitating unapproved spending.

Of the $6 billion in unauthorized spending over those two years, $2.7 billion was spent on agricultural support programs.[187, 188] That $2.7 billion came from two sources: $2.2 billion was RBZ expenditure—including the $665.9 million in Treasury Bills issued to Sakunda in 2017 and 2018—while $528 million came from the consolidated revenue fund.[189] The $2.7 billion spent on agricultural support included at least $664 million for Command Agriculture and $592 million for the Presidential Inputs Scheme.[190] The other main recipient of funding was the GMB, which, according to the RBZ, received $1.1 billion for cash payments and the strategic grain reserve over those two years.[191]

Sakunda was not the only recipient of Treasury Bills, nor was Command Agriculture the only unfunded program. The problem of unconstitutional expenditure went much deeper.[192] The Reserve Bank also financed a wide variety of non-agricultural activities, injecting money into companies, parastatals, and small banks and repaying other creditors.[193, 194] Alongside this report The Sentry has published spreadsheets detailing the Treasury Bill issuance notes accounting for $3.35 billion in spending between 2015 and 2018, together with details about other expenditure unapproved by Parliament in 2017 and 2018.[195] The finance minister should have regularly sought retrospective approval from Parliament for the billions of dollars in unauthorized expenditure. In the absence of that procedure, the government was spending and incurring debt that may have been against the democratic wishes of Zimbabwe's citizens.

Potentially politicized Reserve Bank expenditure

While turning on the spending taps may have had a wider political purpose, much of the expenditure seems in line with the Zimbabwean government's priorities—for example, paying for water projects and subsidizing certain companies.[196, 197] However, two sets of Treasury Bill issuance notes raise red flags about potentially politicized RBZ expenditure. Both occurred in the tense period of October and November 2017, with one dating to after Grace Mugabe had begun criticizing then-Vice President Mnangagwa and others being requested on the same day that President Mugabe sacked Mnangagwa, a decision that precipitated the subsequent coup.[198, 199]



Telephone: 283136/792913
Fax: 797737
Telefax: 2141
Telegrams: "MINFIN", Harare

Private Bag 7705, Causeway
Harare, Zimbabwe

ZIMBABWE

Y. Reference: B/75/94 B/103/1

MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT
NEW GOVERNMENT
COMPOSITE OFFICE COMPLEX
CNR SIMON VENGAI MUZENDA STREET/SAMORA MACHEL AVENUE
HARARE

Mr Sabun
For your perusal. Let's discuss way forward.

25 October 2017

Dr J.P. Mangudya
Governor
Reserve Bank of Zimbabwe

RESERVE BANK OF ZIMBABWE
26 OCT 2017
GOVERNOR'S OFFICE

CONDITION OF SERVICE VEHICLES FOR CHIEFS

I refer to the conversation we had today 25 October 2017 on the above subject matter.

I write to request that you issue Treasury Bills to the tune of US$7.5 million to procure Condition of Service Vehicles for the 226 Chiefs. The procurement should be such that 30 vehicles are made available by Friday 27 October 2017 to be handed over to Chiefs in Bulawayo by His Excellency, the President on Saturday 28 October 2017. The remainder can be made available on a staggered approach.

Hon. Dr. I.M.C. Chombo, MP
Minister of Finance and Economic Development

RESERVE BANK OF ZIMBABWE
02 NOV 2017
DIRECTOR
FINANCIAL MARKETS

Reserve Bank funds were used to purchase vehicles for traditional chiefs amid factional ZANU-PF tensions in the run-up to the election. Letter from Finance Minister Chombo to the RBZ. Source: The Sentry.

The first set of Treasury Bill issuance notes was for $7.5 million on October 25, 2017. It was reportedly requested by Local Government Minister Saviour Kasukuwere and approved by Finance Minister Ignatius Chombo—both prominent members of the so-called G40 faction opposed to Mnangagwa—to purchase Isuzu twin-cab vehicles for 226 traditional chiefs,[200] to be announced by Mugabe at the National Council of Chiefs in Bulawayo on October 28, 2017.[201] At the time, the purchase was criticized by civil society activists, who claimed that it contributed to the unconstitutional call by traditional chiefs for voters to back ZANU-PF in the next election.[202] Ignatius Chombo did not respond to a request for comment.

Potentially Politicized Reserve Bank Expenditures, 2017

THE SENTRY

In the run-up to an election, and amid tension between followers of Vice President Emmerson Mnangagwa and the so-called G40 faction over who would succeed the ailing President Mugabe, the Reserve Bank issued several Treasury Bills that raise questions as to whether the expenditure is party political or factional in nature.

Events in Zimbabwe

October 4, 2017
First lady Grace Mugabe, aligned with the so-called G40 faction, publicly attacks Vice President Mnangagwa, who is backed by the military, for the first time.

November 6, 2017
President Mugabe fires Vice President Mnangagwa, causing Mnangagwa to flee the country.

November 14-21, 2017
A "military assisted transition," or coup, takes place, in which Mugabe is forced to stand down, G40 ministers are detained, and Mnangagwa becomes president.

Treasury Bills Issued

October 25, 2017
US $7,500,000
Ministers associated with the G40 faction arrange for service vehicles for 226 traditional chiefs to be presented to them by President Mugabe on October 28, 2017.

November 6, 2017

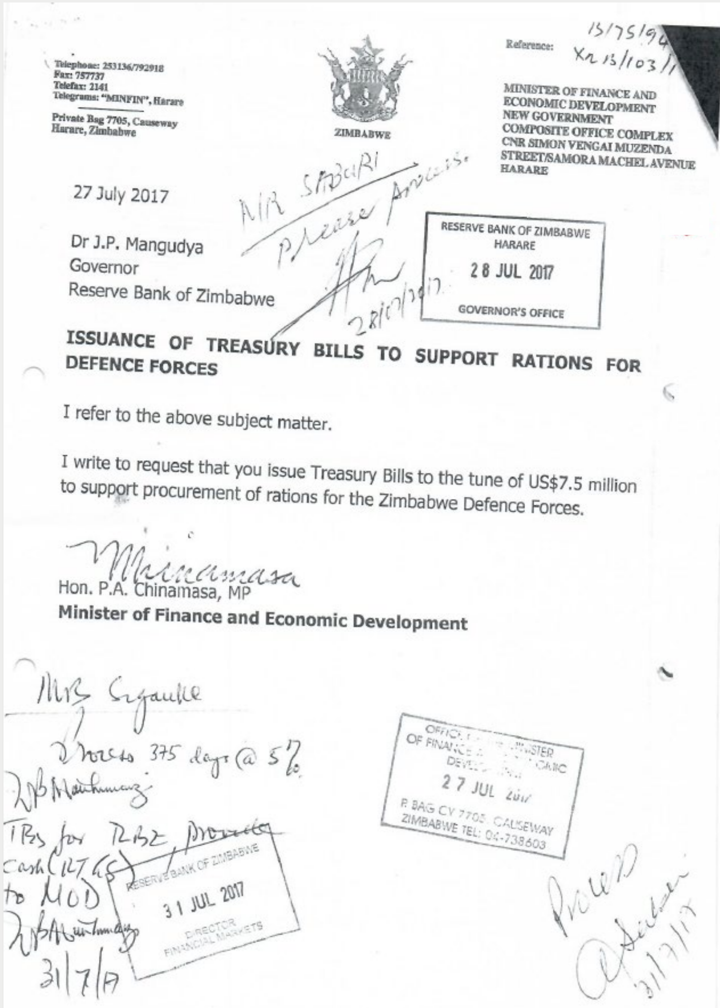
US $2,000,000
Ammunition for armed forces; paid to the CISM fund

US $5,000,000
Rations for armed forces; paid to the CISM fund

US $2,000,000
Aircraft spares for armed forces; paid to the CISM fund

US $3,000,000
Armored vehicles for armed forces; paid to the CISM fund

The second set of four Treasury Bill issuance notes were issued on November 6, 2017—the same day that Mnangagwa was fired. They authorized a total of $12 million, divided between rations ($5 million), ammunition ($2 million), aircraft spares ($2 million), and armored vehicles ($3 million).[203] A handwritten note on the Treasury Bill issuance letters indicated that the Bills should be issued to the RBZ portfolio and RTGS cash paid to an FBC Bank account for a "CISM Fund," account number 6115088290120. In contrast, an earlier Treasury Bill for military rations, issued in July 2017, specifies that the Treasury Bill should be held by the RBZ portfolio and cash paid to the Ministry of Defence.[204]



Telephone: 253136/792918
Fax: 757737
Telefax: 2141
Telegrams: "MINFIN", Harare

Private Bag 7705, Causeway
Harare, Zimbabwe

ZIMBABWE

Reference: 13/75/94
Xr 13/103/1

MINISTER OF FINANCE AND
ECONOMIC DEVELOPMENT
NEW GOVERNMENT
COMPOSITE OFFICE COMPLEX
CNR SIMON VENGAI MUZENDA
STREET/SAMORA MACHEL AVENUE
HARARE

27 July 2017

MR SABURI
Please process.

Dr J.P. Mangudya
Governor
Reserve Bank of Zimbabwe

28/07/2017

RESERVE BANK OF ZIMBABWE
HARARE
28 JUL 2017
GOVERNOR'S OFFICE

ISSUANCE OF TREASURY BILLS TO SUPPORT RATIONS FOR DEFENCE FORCES

I refer to the above subject matter.

I write to request that you issue Treasury Bills to the tune of US$7.5 million to support procurement of rations for the Zimbabwe Defence Forces.

Hon. P.A. Chinamasa, MP
Minister of Finance and Economic Development

Mrs Gyauke
375 days @ 5%

OFFICE OF THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT
27 JUL 2017
P. BAG CY 7705, CAUSEWAY
ZIMBABWE TEL: 04-738603

TBs for RBZ. Provide cash (R7.65) to MOD
31/7/17

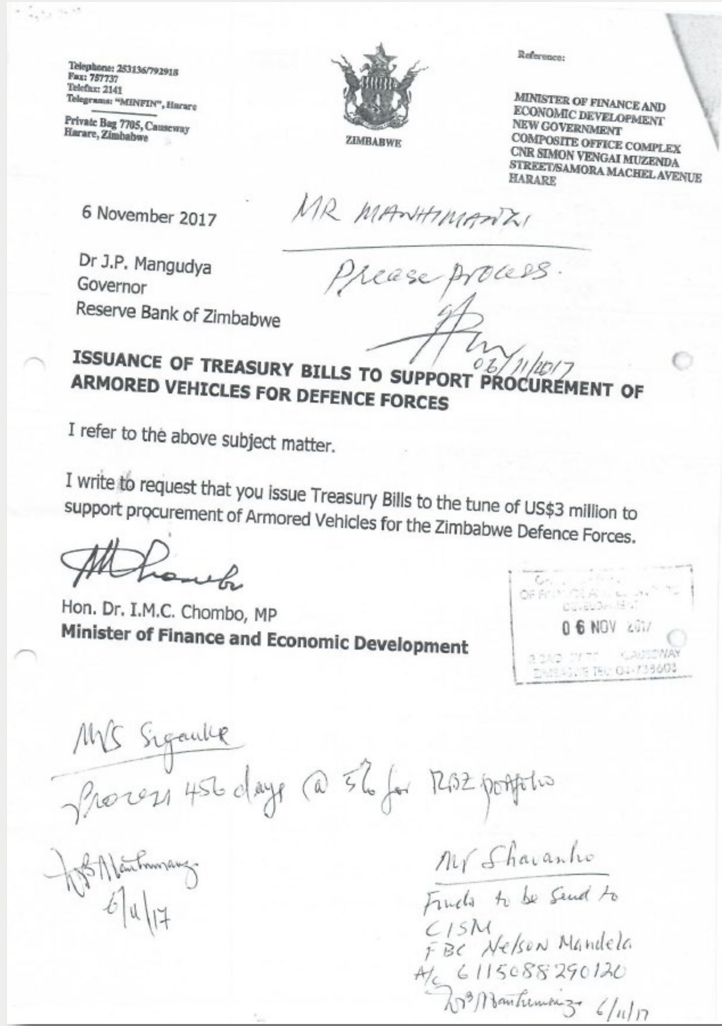
RESERVE BANK OF ZIMBABWE
31 JUL 2017
DIRECTOR FINANCIAL MARKETS

Processed
31/7/17

Funds derived from this Treasury Bill were to be paid to the ZDF via the main Ministry of Defence account. Letter dated July 27, 2017, requesting Treasury Bill to be paid to "MOD." Source: The Sentry.

It is not clear what entity controls the CISM Fund. It's possible that it is the account for the ZDF's membership to the International Military Sports Council, which uses the French acronym CISM and organizes a variety of different sports events.[205] Alternatively, Russia organizes a tank biathlon competition, in which Zimbabwe participated in mid-2018.[206] This might provide an explanation for the funds for ammunition and armored vehicles. Given the timing, another possibility is that the payments were part of some internal political maneuvering to shore up support in the military for Mugabe's decision to sack Mnangagwa. That decision, which was announced on Monday, November 6, 2017, had likely been made over the weekend; Mugabe himself had criticized Mnangagwa at a rally on Saturday, November 4, reportedly saying, "Did I fail in making Mnangagwa as my deputy? If I failed, I will drop him, even tomorrow."[207] One plausible scenario is that a final decision to sack Mnangagwa was made sometime between November 4 and November 6, and an instruction to issue those Treasury Bills for some political purpose was carried out on November 6, 2017. However, it is not possible to know for certain: the Ministry of Defence, Ignatius Chombo, and CISM did not reply to The Sentry's requests for comment.

Funds derived from this Treasury Bill issuance letter for $3 million for "armored vehicles" were to be paid to a different account—the "CISM" fund—than the main MOD bank account, perhaps coincidentally on the same day that Vice President Mnangagwa was sacked. In total, there are four letters dated November 6, 2017. The other three also indicate that payments should be made to the CISM fund for different purposes: $2 million for ammunition, $2 million for aircraft spares, and $5 million for rations. Source: The Sentry.



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ZIMBABWE

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ECONOMIC DEVELOPMENT
NEW GOVERNMENT
COMPOSITE OFFICE COMPLEX
CNR SIMON VENGAI MUZENDA
STREET/SAMORA MACHEL AVENUE
HARARE

6 November 2017

MR MANHIMANZI

Please process.

06/11/2017

Dr J.P. Mangudya
Governor
Reserve Bank of Zimbabwe

ISSUANCE OF TREASURY BILLS TO SUPPORT PROCUREMENT OF ARMORED VEHICLES FOR DEFENCE FORCES

I refer to the above subject matter.

I write to request that you issue Treasury Bills to the tune of US$3 million to support procurement of Armored Vehicles for the Zimbabwe Defence Forces.

Hon. Dr. I.M.C. Chombo, MP
Minister of Finance and Economic Development

06 NOV 2017

Mrs Sigauke

Process 456 days @ 5% for RBZ portfolio

6/11/17

Mr Shavanhu

Funds to be send to
CISM
FBC Nelson Mandela
A/c 6115088290120
6/11/17

Conclusion

Public money is a scarce resource in Zimbabwe. Securing good value for money in public contracting is crucial to stretching out that limited resource. In turn, openness, constraints on preferential treatment, and accountability mechanisms are key to achieving that.

Command Agriculture is an example of what not to do. It is only through the doggedness of the media, the auditor-general, and the Public Accounts Committee that the details of the program have come to light. The importance of maintaining the independence of such accountability institutions cannot be underestimated.

The decision to appoint Sakunda behind closed doors, and Sakunda's subsequent in-house selection of suppliers, perpetuate a culture of opacity that is unlikely to deliver value for money. Unless Zimbabwean law makes procurement more transparent, problems in public spending will persist.

But there is an alternative. Zimbabwean procurement law could be upgraded to embody the principles of open contracting, for which all data and documents are disclosed at all stages of the contracting process—and this includes contracts and payments. For example, in Slovakia, public contracts only become valid after they are published in a single, online public registry.[208] A mandatory e-procurement system in Georgia increased the number of competitive tenders from 1,933 in 2010 to 33,000 in 2011, helping to save $400 million over five years, according to the World Bank.[209]

Systems such as these can increase transparency into how public funds are spent and allow deeper analysis of contracting data by a wider range of users. Implementing similar systems in Zimbabwe would help deter irregularities, create a level playing field for all Zimbabwean firms to bid for public contracts, and provide information to help Zimbabwean citizens find out how their money is spent.

Recommendations

Government of Zimbabwe

Command Agriculture

The Public Finance Management Act and Regulations envisages a role for the Treasury in initiating investigations of financial misconduct and the laying of criminal charges.[210, 211] Given the role of the Treasury in establishing Command Agriculture, it is more appropriate that past transgressions be investigated by a different body. The Zimbabwe Anti Corruption Commission should investigate Command Agriculture, specifically:

- Whether goods and services were delivered that match the value of the Treasury Bills and cash received. This information does not appear to have been provided to the auditor-general or the PAC.
- The circumstances under which the program was established without an open, competitive tendering process.
- Who made the decision to convert Treasury Bills at a preferential rate to benefit a private entity, contrary to Statutory Instrument 33, 2019.
- What exactly happened to the January 2019 $366 million Treasury Bill and whether each portion of it was used for a proper purpose.

Future initiatives

The government of Zimbabwe should upgrade existing procurement law by embracing open contracting standards. This would make all procurement subject to open, competitive tenders, with all documents available to the public by default. Tendering documents, values (including line items), information on bidders (including beneficial ownership details), draft and signed contracts (along with annexes and sub-contracting information), payments, extensions, and amendments should be published on one central portal. The government of Zimbabwe could follow the example of other states by making the contract invalid unless published, creating an incentive for companies and procuring entities to desire publication.

The Reserve Bank should end its direct involvement in public expenditure, instead allowing line ministries to spend their Parliamentary-approved budgets, allowing proper scrutiny by Parliament and the auditor-general. The government of Zimbabwe should follow the 2013 Constitution in seeking parliamentary approval for spending and debt, including short term loans.

Financial institutions

Financial institutions should conduct enhanced customer due diligence on transactions involving natural resources in Zimbabwe—especially when transactions involve the Tagwirei network. Zimbabwe desperately needs foreign investment. To ensure the country isn't supporting corrupt networks in the future, the private sector and financial institutions should conduct enhanced due diligence on individuals and entities both inside and outside Zimbabwe with ties to Tagwirei and his companies, as they may pose a higher risk for illicit financial activities. In particular, financial institutions should also take steps to investigate and identify accounts beneficially owned or controlled by Tagwirei and his companies. Zimbabwe has been severely de-risked by global financial institutions, and care must be taken to not disrupt or narrow services to the general population, which is already receiving limited services.[212]

Multilateral bodies and donors

Currently, while the IMF and World Bank do not offer financial support to Zimbabwe due to unsustainable debt and official external arrears, both bodies do offer technical assistance. Both the World Bank, which previously supported efforts to reform Zimbabwe's procurement law,[213] and the IMF should encourage and provide support to Zimbabwe to embrace open contracting standards.

International development agencies working in agriculture with the government of Zimbabwe should encourage transparency in agricultural finance programs, including as relates to recipients of assistance. If development financing is provided, the donor should also require open and competitive procurement processes that adhere to Zimbabwe's Public Procurement and Disposal of Public Assets Act. In bilateral diplomacy, Southern African Development Community members and other states should support and emphasize the importance of preserving the independence of those few institutions—such as the auditor-general's office and the PAC—that play a scrutiny role over powerful institutions such as the Treasury and the Reserve Bank.

Annex 1: How Much Did Sakunda Make?

It's possible to estimate how much Sakunda made from Command Agriculture using a combination of sources: testimony and evidence received by the PAC; leaked documents from within Tagwirei's companies; an IMF discussion of Treasury Bills that reportedly referred to those held by Sakunda; and annual schedules of debt owed by the government of Zimbabwe to domestic creditors, published by the Ministry of Finance.

Sakunda's expenditure

In testimony before the PAC, Sakunda said it provided inputs worth just over a billion during its time running Command Agriculture and its one year participating in the Presidential Inputs Scheme.[214, 215] In a statement to The Sentry, Sakunda said it was "contracted to finance the summer and winter cropping programmes from 2016 to May 2019 up to an aggregate value of $987,500,000. Under this programme, Sakunda supplied products up to a value of $1,010,000,000."[216] These figures tie with their testimony to the PAC, summarized in the table below.[217]

Expenditure on Inputs by Sakunda, 2016 to 2019

	Presidential Inputs Scheme	Command Agriculture
2016/2017 summer	$50,210,746.40	$125,983,943.62
2017 winter		$43,989,016.03
2017/2018 summer		$332,199,901.53
2018 winter		$57,965,305.20
2018/2019 summer*		$353,732,600.00
2019 winter*		$50,448,750.00
Sub total		$964,319,516.38
Total	**$1,014,530,262.78**	

** Sakunda testified that it had not gone through a reconciliation process for these two seasons.*

It is unclear whether these input figures factor in any other administrative costs or non-agricultural inputs such as fuel.[218]

Sakunda's income: Treasury Bills and cash payments

Treasury Bills and Cash Payments to Sakunda, 2016 to 2019

As can be seen in the accompanying table, The Sentry's central estimate is that Sakunda received $1.28 billion for both Command Agriculture and the Presidential Inputs Scheme in return for supplying inputs worth $1 billion. Sakunda received both cash payments and Treasury Bills. The value to Sakunda of these Treasury Bills would have varied, depending on whether it held them to maturity and received interest or cashed them in early by selling them to a bank at a discount. Sakunda responded in detail to earlier requests for comment but was unable to respond in time for this publication to questions about the list of Treasury Bills issued to it during this period.

Sentry Analysis of Payments and Treasury Bills Issued to Sakunda, 2016-2019

Date of issue	Date of maturity	Tenor	Coupon rate	Treasury Bill USD	Interest	Total	Treasury Bill No.	Purpose if known
31-Aug-16	30-Aug-18	730	5%	10,226,275.00	511,314.00	10,737,589.00	N/A	
31-Aug-16	31-Aug-19	1095	5%	10,226,274.61	511,314.00	10,737,588.61	ZTB1095 20160831B	
07-Oct-16	05-Jan-18	455	5%	20,347,329.00	1,268,224.00	21,615,553.00	N/A	
07-Oct-16	05-Apr-18	545	5%	20,347,329.00	1,519,081.00	21,866,410.00	N/A	
28-Dec-16	23-Mar-18	450	5%	31,800,000.00	1,960,274.00	33,760,274.00	N/A	
09-Jan-17	09-Jan-18	365	5%	31,800,000.00	1,590,000.00	33,390,000.00	ZTB365 201701098B	Command Agriculture
09-Jan-17	23-Mar-18	438	5%	8,831,719.75	529,903.00	9,361,622.75	ZTB438 20170109C	Command Agriculture
19-Apr-17	11-Apr-18	357	5%	26,253,750.00	1,283,916.00	27,537,666.00	ZTB357 20170419A	Presidential Inputs Scheme
15-May-17	15-May-18	365	4%	756,731.25	30,629.00	787,360.25	ZTB365 201701515C	Facility Fee - Presidential Inputs Scheme
15-May-17	15-May-18	365	0%	24,195,000.00	2.00	24,195,002.00	ZTB365 20170515A	Presidential Inputs Scheme
28-Jul-17	10-Dec-18	500	0.00001%	16,738,000.00	2.00	16,738,002.00	ZTB500 20170728G	Command Agriculture
28-Jul-17	05-Nov-18	465	0.00001%	16,738,000.00	2.00	16,738,002.00	ZTB465 20170728H	Command Agriculture
28-Jul-17	15-Oct-18	444	0.00001%	16,738,000.00	2.00	16,738,002.00	ZTB444 20170728I	Command Agriculture
28-Jul-17	11-Sep-18	410	0.00001%	16,738,000.00	2.00	16,738,002.00	ZTB410 20170728J	Command Agriculture
28-Jul-17	07-Aug-18	375	0.00001%	16,738,000.00	2.00	16,738,002.00	ZTB375 20170728K	Command Agriculture
31-Jul-17	31-Jul-18	365	4%	3,347,600.00	133,904.00	3,481,504.00	ZTB365 20170731	Facility Fee - Command Agriculture
31-Aug-17	31-Aug-18	365	0%	83,690,000.00	8.00	83,690,008.00	ZTB365 201700831B	Command Agriculture
15-Sep-17	14-Sep-18	364	0%	83,690,000.00	8.00	83,690,008.00	ZTB364 201700915C	Command Agriculture
21-Dec-17	21-Dec-18	365	0%	83,690,000.00	0.00	83,690,000.00	ZTB365 20171221B	Command Agriculture
14-Mar-18	13-Mar-19	364	0%	127,817,681.00	12.75	127,817,693.75	ZTB364 20180314A	Command Agriculture - includes $4,123,151 Facility Fee
16-Apr-18	16-Apr-19	365	0%	106,119,780.00	0.00	106,119,780.00	ZTB365 20180416B	Command Agriculture
27-Jun-18	27-Jun-19	365	5%	40,000,000.00	2,000,000.00	42,000,000.00	ZTB365 20180627A	
27-Jun-18	27-Dec-19	548	5%	40,000,000.00	3,002,739.73	43,002,739.73	ZTB548 20180627E	
27-Jun-18	29-Jun-20	733	5%	47,501,154.00	4,796,636.00	52,297,790.00	ZTB733 20180627C	
25-Jul-18		N/A	N/A	2,016,682.85		2,016,682.85	N/A	
09-Jan-19	09-Jan-20	365	7%	366,000,000.00		366,000,000.00	ZTB365 20190109B	Command Agriculture
			Sub total	**1,252,347,306.46**	**19,137,975.48**	**1,271,485,281.94**		
			Of which...					
			Command Agriculture	**1,201,141,825.21**				
			Presidential Inputs Scheme	**51,205,481.25**				
Cash payments				**Cash US$**				
Feb-17			Cash: NOCZIM Debt Fund	47,666,667.00				
2019			Cash advance	182,500,790.00				
			Sub total	**230,167,457.00**				
			Cash and Treasury Bills	**1,482,514,763.46**				
			$204m of Jan 2019 $366m TB returned	204,000,000.00				
			Total	**1,278,514,763.46**				

Of $1.28 billion total, Sakunda received Treasury Bills, issued in April and May 2017, worth $51 million for the Presidential Inputs Scheme, for which the company supplied inputs worth $50 million.[219] For Command Agriculture, Sakunda received $230 million in hard currency and about $885 million in Treasury Bills.[220] In addition, Sakunda claims that it returned a $204 million portion of a January 2019 Treasury Bill worth $366 million that it had received for Command Agriculture.[221] This would bring the total received to $1.28 billion.

Cash payments

The Ministry of Finance provided Sakunda with $230 million in hard currency, consisting of $47.67 million from the National Oil Company of Zimbabwe (NOCZIM) debt redemption fund, as well as a $182.5 million payment.[222, 223, 224] The NOCZIM debt redemption fund was a ring-fenced account for a levy paid on each liter of petrol or diesel from 2003 onward.[225] It was set up to pay off debts incurred by the previous incarnation of Zimbabwe's national oil company.[226] Sakunda told The Sentry that it received monthly $2.7 million payments from this fund for 18 months, beginning in January 2017.[227, 228]

Treasury Bills

The bulk of the financing for Command Agriculture came from Treasury Bills. Sakunda denies that these were "revenue" and told The Sentry, "We received Treasury Bills as security and not as payment for financing Command Agriculture programme. The money for the loan repayment was held by Government and in an escrow account at the Grain Marketing Board. However, Sakunda did not receive anything towards repayment of the loan and therefore had recourse to calling on the security instruments."[229]

The process of creating a Treasury Bill entailed the Ministry of Finance writing to the Reserve Bank to request that it issue Treasury Bills to a certain supplier.[230] Occasionally, the RBZ would send cash to the recipient and instead hold the Treasury Bill itself in its own "RBZ portfolio."[231] Letters from the Finance Ministry to the RBZ, also known as Treasury Bill issuance notes, were sent to the PAC by the RBZ and form the main body of evidence about how much Sakunda received and are published by The Sentry alongside this report.[232]

Treasury Bills Issued to Sakunda During the Disclosure Period, October 2016 to April 2018

Date of issuance note	Purpose	Issuance note no.	Issuance note USD	Date of Treasury Bill	Treasury Bills USD	Treasury Bill number	Coupon rate	Tenure
21-Dec-16	Command Agriculture	50/2016	40,631,719.75	09-Jan-17	31,800,000.00	ZTB365 201701098B	5%	365 days
				09-Jan-17	8,831,719.75	ZTB438 20170109C	5%	438 days
19-Apr-17	Presidential Inputs Scheme	18/2017	26,253,750.00	19-Apr-17	26,253,750.00	ZTB357 20170419A	0%	357 days
12-May-17	Facility fee - Presidential Inputs Scheme	21/2017	756,731.25	15-May-17	756,731.25	ZTB365 201701515C	4%	365 days
12-May-17	Presidential Inputs Scheme	21/2017	24,195,000.00	15-May-17	24,195,000.00	ZTB365 20170515A	0%	365 days
20-Jul-17	Sakunda Holdings for Command Agriculture	35/2017	83,690,000.00	28-Jul-17	16,738,000.00	ZTB500 20170728G	0.00001%	500 days
				28-Jul-17	16,738,000.00	Z465 20170728H	0.00001%	465 days
				28-Jul-17	16,738,000.00	ZTB444 20170728I	0.00001%	444 days
				28-Jul-17	16,738,000.00	ZTB410 20170728J	0.00001%	410 days
				28-Jul-17	16,738,000.00	ZTB375 201700728K	0.00001%	375 days
20-Jul-17	Sakunda Holdings Facility fee - financing of agricultural inputs	37/2017	3,347,600.00	31-Jul-17	3,347,600.00	ZTB365 20170731	4%	365 days
25-Aug-17	Sakunda Holdings for Command Agriculture	40/2017	83,690,000.00	31-Aug-17	83,690,000.00	ZTB365 201700831B	0%	365 days
28-Aug-17	Sakunda Holdings for Command Agriculture	41/2017	83,690,000.00	15-Sep-17	83,690,000.00	ZTB364 201700915C	0%	365 days
19-Dec-17	Sakunda Holdings for Command Agriculture	57/2017	83,690,000.00	21-Dec-17	83,690,000.00	ZTB365 20171221B	0%	365 days
09-Mar-18	Sakunda Holdings for Command Agriculture - 2018 Winter Wheat	3/2018	17,574,750.00	14-Mar-18	127,817,681.00	ZTB364 20180314A	0%	364 days
09-Mar-18	Sakunda Holdings Facility fee for Command Agriculture - 2018 Winter Wheat	4/2018	585,825.00					
09-Mar-18	Sakunda Holdings for Command Agriculture - 2018/19 Summer Maize and Soya Beans	5/2018	106,119,780.00					
09-Mar-18	Sakunda Holdings Facility fee for Command Agriculture - 2018/19 Summer Maize and Soya Beans	6/2018	3,537,326.00					
13-Apr-18	Sakunda Holdings for Command Agriculture - 2018/19 Summer Maize and Soya Beans	9/2018	106,119,780.00	16-Apr-18	106,119,780.00	ZTB365 20180416B	0%	365 days
25-Jul-18	Payment to Sakunda according to MOF, not included in information provided by the RBZ		2,016,682.85		2,016,682.85			

Sometimes the Treasury Bill issuance notes led to the creation of several different Treasury Bills. Conversely, occasionally several issuance notes resulted in a single Treasury Bill.

Not all the Treasury Bills issued to Sakunda in the 2016 to 2019 period were sent to the PAC, however, perhaps because the Committee was only investigating 2017 and 2018. According to schedules of domestic debt issued by the Ministry of Finance, Sakunda received other Treasury Bills both before and after the October 2016 to April 2018 "PAC disclosure period."[233]

Command Agriculture began in mid-2016, and the Ministry of Finance schedules of domestic debt for 2018 and 2019 reveal that Sakunda received five additional Treasury Bills in 2016, totaling $92.9 million.[234, 235]

After the PAC disclosure period, schedules of domestic debt published in 2019 and 2020 also provide details on $127 million in Treasury Bills issued to Sakunda in 2018 and 2019. The 2019 Combined Blue Book lists two $40 million debts owed to Sakunda, fitting the profile of two Treasury Bills issued in June 2018 with different maturity dates totaling $80 million.[236] The 2020 proposed budget estimate lists another $47 million debt fitting the profile of a two-year Treasury Bill issued in 2018.[237]

The $366 million Treasury Bill

Sakunda received a $366 million Treasury Bill in January 2019.[238] Sakunda told The Sentry that this Treasury Bill, numbered ZTB365 20190109B, was issued to the company for legacy debts—foreign obligations from previous seasons—and for the upcoming 2019/2020 cropping season.[239] However, Sakunda told the Sentry that a $202 million portion of this Treasury Bill was subsequently cancelled, meaning that it only kept $164 million.[240] This is similar to the PAC testimony of Sakunda's chief operating officer, set out in annex 2, which describes how, as it became clear in early 2019 that control of the Command Agriculture program would move to CBZ bank, Sakunda returned $204 million of the $366 million to the RBZ, keeping $162 million in order to pay foreign debts incurred running the program.[241]

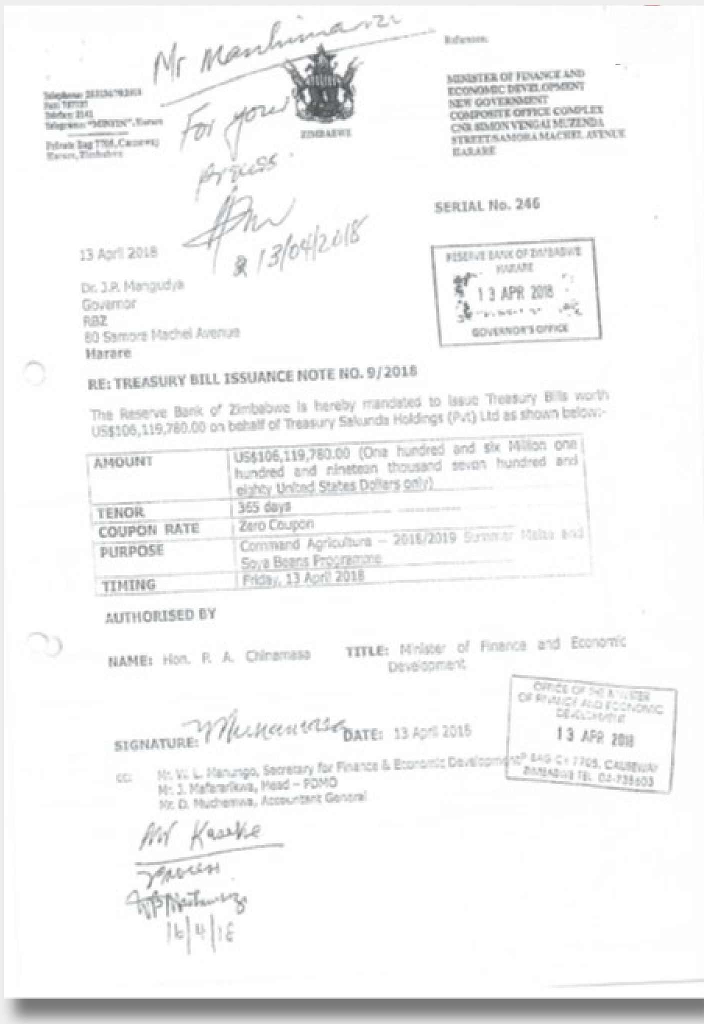
What exactly happened to the $366 million Treasury Bill is unclear, and the information that has been gathered is not entirely consistent.

This is the same $366 million Treasury Bill discussed in the 2019 Article IV Staff Report of the IMF, which was believed to have been discounted in stages—$66 million first, then $300 million—between May and August 2019.[242, 243] This $300 million sum matches reporting by Newsday in September 2019, which stated that "Government sources have claimed Tagwirei's Sakunda Holdings has been cashing out $300 million worth of TBs into the market."[244]

In June 2019, another of Tagwirei's companies, Landela Investments, wrote to its bank, BancABC, and the RBZ, asking to liquidate a $60 million portion of the same Treasury Bill (ZTB365 20190109B), now denominated at $256 million, not $366 million.[245] Sakunda told The Sentry that the difference—$110 million—"relating to the same instrument" (i.e., ZTB365 20190109B) "went to a different bank."[246] BancABC declined to comment.[247] If the cancelled or returned $202 million was part of the $256 million, then that would leave $54 million—less than the $60 million that Landela had requested be liquidated. It is also unclear how a Treasury Bill issued to Sakunda was transferred to Landela. At Tagwirei's instruction, his companies frequently made payments among themselves, so the receipt of a Treasury Bill by Landela for work done on Command Agriculture by Sakunda is plausible.[248] Other emails from July 2019 show that Tagwirei himself controlled Landela transactions relating to Treasury Bills.[249]

According to leaked internal banking documents seen by The Sentry, the Reserve Bank sent Sakunda a ZWL$500 million payment relating to Treasury Bills on August 23, 2019, equivalent to US$50 million, according to the interbank rate at the time. [250]

The PAC chairman asked Sakunda questions based on earlier testimony from the RBZ governor disclosing that $30 million of the $366 million had been discounted by Ecobank.[251] The 2022 schedule of domestic debt issued by the Ministry of Finance refers to four Treasury Bills held by Ecobank worth a total of ZWL$2.1 billion and each described as "(part USD366m)" issued on January 26, 2021.[252] It is unclear how, if at all, these Treasury Bills might relate to the original $366 million Treasury Bill. Ecobank declined to comment.[253]



Mr Manhimanzi
For your process
13/04/2018

ZIMBABWE

MINISTER OF FINANCE AND
ECONOMIC DEVELOPMENT
NEW GOVERNMENT
COMPOSITE OFFICE COMPLEX
CNR SIMON VENGAI MUZENDA
STREET/SAMORA MACHEL AVENUE
HARARE

SERIAL No. 246

13 April 2018

RESERVE BANK OF ZIMBABWE
HARARE
13 APR 2018
GOVERNOR'S OFFICE

Dr. J.P. Mangudya
Governor
RBZ
80 Samora Machel Avenue
Harare

RE: TREASURY BILL ISSUANCE NOTE NO. 9/2018

The Reserve Bank of Zimbabwe is hereby mandated to issue Treasury Bills worth US$106,119,780.00 on behalf of Treasury Sakunda Holdings (Pvt) Ltd as shown below:-

AMOUNT	US$106,119,780.00 (One hundred and six Million one hundred and nineteen thousand seven hundred and eighty United States Dollars only)
TENOR	365 days
COUPON RATE	Zero Coupon
PURPOSE	Command Agriculture – 2018/2019 Summer Maize and Soya Beans Programme
TIMING	Friday, 13 April 2018

AUTHORISED BY

NAME: Hon. P. A. Chinamasa **TITLE:** Minister of Finance and Economic Development

SIGNATURE: **DATE:** 13 April 2018

OFFICE OF THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT
13 APR 2018
P BAG CY 7705, CAUSEWAY
ZIMBABWE TEL. 02-738603

cc: Mr. W. L. Manungo, Secretary for Finance & Economic Development
Mr. J. Mafararikwa, Head – PDMO
Mr. D. Muchemwa, Accountant General

Mr Kaseke
Process
16/4/18

Treasury Bill issuance letter for $106,119,780 for Sakunda Holdings, dated April 13, 2018. Source: Reserve Bank of Zimbabwe.

Annex 2: Transcript of Sakunda's Public Accounts Committee Evidence Discussing a $366 Million Treasury Bill

Sakunda Holdings Chief Operating Officer Mberikwazvo Charles Chitambo, questioned by Public Accounts Committee Chairman Hon. Tendai Biti, March 16, 2020.[254]

Hon. Chairman Biti:

We have evidence from the Reserve Bank Governor of Zimbabwe that in January 2019 you got a Treasury Bill for $360 million. That Treasury Bill [inaudible] SI33 of 2019. Do you know the implications of SI 33 of 2019? It converted all US dollars [inaudible] indebtedness into local currency [inaudible], which was the RTGS dollar. But your Treasury Bill got special protection. It remained a US dollar-denominated Bill. We then got evidence that you then tried to discount this. And only one bank purchased part of it—Ecobank—to the extent of thirty million dollars. Then in July, you then discounted or sold this Treasury Bill with the central bank at the interbank rate. That is the evidence we got from Mr. Mangudya at the Reserve Bank. So, the question is, number one, is this correct? That you got this Treasury Bill that remained US dollar denominated. Number two, did you discount this with Ecobank for thirty million? And then lastly, you sold this to the central bank in July 2019, is that correct?[255]

Mr. Chitambo:

Thank you, Mr. Chairman. Mr. Chairman, this Treasury Bill of 366 million US dollars was supposed to come in two parts. 204 million dollars of it was supposed ...

Biti:

What was it for?

Chitambo:

They were trying to pay us for the incoming season, but the structure was moving away from us to CBZ. For the 2019/2020 [inaudible].

We sent it back. The moment that it was finalized that we are not going to run with the program in 2019/2020, this 204 million US dollars went straight back to the Reserve Bank. That is the way we treated it. The other 162 million dollars of that 366—which is the balance, 366 minus 204 will leave you 162 million. As I recall, Mr. Governor was aware that we were sitting with a mountain of debt which was now blocking the purchase by anyone of chemicals, especially chemicals, which related to past seasons. And that 162 million was supposed to be used to try and deal with all the debts, especially of chemicals and inputs into fertilizers. So, the 204 million it went back; the 162 million was supposed to be used to pay for the chemicals and other debts, which were foreign debts. We have not finished paying for those foreign debts, but we are in the process of trying to seek links in our structures which require money to be paid. We thank the Governor for thinking—if we don't unblock the country's reputation there it may complicate other payments that the country must make.

But we did not try to discount this with CBZ… I don't know where that is coming from.

Biti:

What did you do with the 162 million? Because the evidence we got was that in July 2019, the central bank [inaudible] you a Treasury Bill which was $366 million dollars less the thirty million dollars which was purchased by a bank. That was discounted at the interbank exchange rate, causing a serious increase in the money supply. In July 2019. What did you do with your 162 million? Is it correct that there was a TB that was discounted in July of 2019 [inaudible] by the central bank?

Chitambo:

I will answer Mr. Chairman. Mr. Chairman, we have this mountain of debt, as I say, of the US dollars. So, we say to the banks, "We would like foreign currency so we can pay the debts." We don't know where the banks got that foreign currency, but we asked them to give us the foreign currency against this US dollar Treasury Bill. So, if somebody caused a movement in the money supply, it wasn't us. We wanted the foreign currency to pay abroad because we [inaudible].

Biti:

Did you do anything do anything [inaudible] central bank in July 2019. Remember, afterwards the central bank accused you of fueling the parallel market and temporarily closed your account. Remember that?

Chitambo:

And I remember at one stage the central bank froze my account.

Biti:

And so my question is: is this connected with this Treasury Bill of $366 million in July 2019?

Chitambo:

The reserve bank had to give me the liquidity, as in give me the Zim dollars, to pay for the [foreign] currency.

Biti:

[Inaudible]

Chitambo:

At the interbank rate.

Biti:

So why did you have to go to [inaudible].

Chitambo:

Mr. Chairman, when you are answering a question, you must take it step-by-step.

Biti:

So, in Zimbabwean dollar terms, how much did you get?

Chitambo:

I can make the remission, Mr. Chairman, and I can give it to you because it is in my records, but I don't have it in my … whatever the interbank rate was, that day, check across.

Biti:

Did you have the agreement in January of 2019? Did you have a term sheet relating to this payment of US dollars?

Chitambo:

Yes, Mr. Chairman, I will attach it.

Biti:

Also bring us documentary proof that you repatriated $204 million.

Chitambo:

Yes, Mr. Chairman.

Endnotes

1 Joseph Cotterill, "IMF Warns Zimbabwe Over Payouts to Trafigura Partner," Financial Times, September 25, 2019, available at: https://www.ft.com/content/800e9ace-dec5-11e9-9743-db5a370481bc

2 Public Accounts Committee, Sakunda Holdings testimony, March 16, 2020, available at: https://www.facebook.com/openparlyzw/videos/721149318623471/ (1:34:00).

3 Public Accounts Committee, "Third Report of the Public Accounts Committee on the Special Maize Programme / Command Agriculture," available at: https://parlzim.gov.zw/download/national-assembly-hansard-3-march-2022-vol-48-no-28/

4 *Ibid.*

5 Toendepi Shonhe, Ian Scoones, and Felix Murimbarimba, "Medium-Scale Commercial Agriculture in Zimbabwe: The Experience of A2 Resettlement Farms," Journal of Modern African Studies, 58:4, 2020, available at: https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/15936

6 World Bank, "Zimbabwe Begins Public Procurement Modernization," May 13, 2015, available at: https://www.worldbank.org/en/news/feature/2015/05/13/zimbabwe-begins-public-procurement-modernization

7 For a list of companies in the Tagwirei network, see:

The Sentry, "Shadows and Shell Games: Uncovering an Offshore Business Empire in Zimbabwe," July 2021, available at: https://thesentry.org/reports/shadows-shell-games/

8 United Nations Office for the Coordination of Humanitarian Affairs, "El Niño: Southern Africa Faces Its Worst Drought in 35 Years," July 18, 2016, available at: https://www.unocha.org/story/el-ni%C3%B1o-southern-africa-faces-its-worst-drought-35-years

9 Government of the Republic of Zimbabwe, "2016-17 Drought Disaster Domestic and International Appeal for Assistance," February 4, 2016, available at: https://reliefweb.int/sites/reliefweb.int/files/resources/zimbabwe_2016-2017_drought_disaster-appeal_for_assistance_0.pdf

10 Andrew Mambondiyani, "Bank Loans Beyond Reach for Zimbabwe Farmers Without Land Titles," Reuters, July 20, 2016, available at: https://www.reuters.com/article/us-zimbabwe-landrights-farming-idUSKCN1001R4

11 Blessing-Miles Tendi, "The Motivations and Dynamics of Zimbabwe's 2017 Military Coup," African Affairs 119: 474, January 2020, pp. 39–67, available at: https://doi.org/10.1093/afraf/adz024

12 *Ibid.*

13 Norma Kriger, "Zimbabwe's War Veterans and the Ruling Party: Continuities in Political Dynamics," in *Twenty Years of Independence in Zimbabwe*, London: Palgrave Macmillan, 2003, available at: https://link.springer.com/chapter/10.1057/9781403948120_5

14 Zimbabwe's War Veterans, "War Veterans' Communique on the State of Zimbabwe's Economy, the ZANU (PF) Party Leadership and the Way Forward for the People of Zimbabwe," July 21, 2016, obtained by Associated Press, p. 5, available at: https://www.documentcloud.org/documents/2997229-Zimbabwe-War-Vets.html

15 *Ibid.*

16 *Ibid.*

17 The Herald, "Brig-Gen Munawa Retires," December 14, 2020, available at: https://www.herald.co.zw/brig-gen-munawa-retires/

18 Command Agriculture has also been known as Targeted Command Agriculture Program (TCAP) and Special Maize Programme for the Import Substitution. "Command Agriculture is a program implemented in 2016 under the guidance of the Cabinet Committee on Food Security and Nutrition, chaired by the then Honourable Vice President E.D. Mnangagwa and run from the Office of the President and Cabinet." See:

Command Agriculture, Facebook profile, available at: https://www.facebook.com/CommandAgriculture/

19 World Bank and the Government of Zimbabwe, "Zimbabwe Public Expenditure Review, With a Focus on Agriculture," June 2019, available at: https://openknowledge.worldbank.org/handle/10986/32506

20 “As part of the wider post-land reform political settlement, CA’s institutional framework is designed to deliver political patronage to an emerging middle class, alongside political-business-military elites, and is aimed at bolstering political support to particular factions within the ruling party.” See:

Toendepi Shonhe and Ian Scoones, “Private and State-Led Contract Farming in Zimbabwe: Accumulation, Social Differentiation and Rural Politics,” December 17, 2021, Journal of Agrarian Change, 22:1, available at: https://onlinelibrary.wiley.com/doi/full/10.1111/joac.12473

21 Public Accounts Committee, Sakunda Holdings testimony, March 16, 2020, available at: https://www.facebook.com/openparlyzw/videos/209351416808342/ (0:25:40).

22 The Presidential Inputs Scheme, also known as the Presidential Well-Wishers Special Agricultural Inputs Scheme, commenced in 2011. See:

UN Human Rights Council, “Visit to Zimbabwe: Report of the Special Rapporteur on the right to food,” p.7, available at: https://www.ohchr.org/EN/HRBodies/HRC/RegularSessions/Session43/Documents/A_HRC_43_44_Add2_AdvanceUneditedVersion.pdf

23 “Permits provided to resettled smallholder farmers and 99-year leases promised to medium-scale farmers have proved insufficient to release private bank agricultural credit, previously accessible to large-scale commercial farmers.” See note 20.

24 See note 19, p. 23.

25 See note 19, p. 23.

26 Frank Mashodo, “Funding Model for Intensive Wheat and Maize Production in Zimbabwe,” KDI School of Public Policy and Management, December 7, 2017, available at: https://www.kdischool.ac.kr/#/alumni/content/community/alumni_story?contentId=30985

27 The Sentry communication with Sakunda, December 23, 2021.

28 The Sentry communication with Sakunda Holdings, December 23, 2021 and January 17, 2022.

29 “We wish to reiterate our position that we received Treasury Bills as security and not as payment for financing Command Agriculture Programme. The money for the loan repayment was held by Government and in an escrow account at the Grain Marketing Board. However, Sakunda did not receive anything towards repayment of the loan and therefore had recourse to calling on the security instruments.” See:

The Sentry communication with Sakunda Holdings, January 17, 2022.

30 See note 19, p. 23.

31 See, for example, note 26, an essay by an economist in the Ministry of Finance.

32 See, for example:

Newsday, “Command Agriculture: The Perfect Smokescreen for Looting the State,” October 27, 2019, available at: https://www.newsday.co.zw/2019/10/command-agriculture-the-perfect-smokescreen-for-looting-the-state/

Nyasha Chingono, “Missing US$3bn an Indictment on Mnangagwa’s Government,” Zimbabwe Independent, July 26, 2019, available at: https://www.theindependent.co.zw/2019/07/26/missing-us3bn-an-indictment-on-mnangagwas-government/

33 See note 21, (0:27:30).

34 See note 2, (0:28:00).

35 An archived copy of Sakunda’s website from 2014 does state that Sakunda, which described itself as a young commodity trading company, had started to offer agricultural products. See:

Sakunda website, 2014, available at: https://web.archive.org/web/20140116042539/http://www.sakunda.com/trading/products-services and https://web.archive.org/web/20140116022916/http://www.sakunda.com/trading/overview

36 Office of the President and Cabinet, “President Sets Up Advisory Council, available at: https://web.archive.org/web/20210113095054/http://www.theopc.gov.zw/index.php/362-president-sets-up-advisory-council

37 Sakunda’s Chief Operating Officer testified at the Public Accounts Committee that Sakunda Holdings was 54% owned by Kudakwashe Tagwirei and 46% owned by Tagwirei’s wife, Sandra Mpunga. See:

Public Accounts Committee, Sakunda Holdings testimony, March 16, 2020, available at: https://www.facebook.com/

newzimbabwecom/videos/935530780241771/ (2:52:30).

38 Bridget Mananavire, "Audit Exposes Corruption in Mnangagwa's Office," Zimbabwe Independent, March 27, 2020, available at: https://www.theindependent.co.zw/2020/03/27/audit-exposes-corruption-in-mnangagwas-office/

39 A forensic investigation report commissioned by the auditor-general reported that the contract sum, according to the tariff parameters in the bidding document, was US$627,504,876. See:

PricewaterhouseCoopers Advisory Services, "ZESA Holdings: Final Forensic Investigation Report," January 2019, p. 123.

40 This report was first published in 2019 on the Parliament website at https://parlzim.gov.zw/component/k2/download/2927_aaf1ff20b78cf4b241f92cb6e2d0c891 but has since been removed. See note 39, pp. 47, 121, 124.

41 For the tabling of the report in Parliament, see:

Hansard, National Assembly, March 17, 2020, available at: https://parlzim.gov.zw/download/national-assembly-hansard-17-march-2020-46-35/

42 The British company did not respond to a request for comment.

43 See note 39, pp. 120, 123-4, 133.

44 See note 39, p. 124.

45 See note 21, (0:14:45).

46 See note 21, (0:28:45).

47 See note 3.

48 See note 2, (0:04:40).

49 The Sentry communication with Sakunda Holdings, December 23, 2021.

50 See note 2, (0:04:40).

51 See note 3.

52 "We, when we were finding the sources of the inputs that we did supply, used the best internal system selection on our side. So, if it was between us and the people where we found these inputs, we are satisfied that the very highest of rigor was applied." See note 2, (0:18:00).

53 The Sentry communication with Sakunda, December 23, 2021.

54 See note 2, (00:28:00).

55 Documents on file with the Sentry.

56 The Sentry communication with Sakunda, December 23, 2021.

57 See note 2, (0:25:00).

58 Corporate documents on file with The Sentry.

59 The companies include Bindura Nickel Corp, Freda Rebecca, Landela Investments, Landela Mining Venture, Landela Energy, Landela Infrastructure, Sakunda Supplies, Trek Petroleum, Great Dyke Investments, and Chervantes Investments, a corporate vehicle through which it was planned to buy Chemplex, a major Zimbabwean chemicals and fertilizer company, in a deal that did not materialize. Corporate documents on file with The Sentry.

60 Obey Chimuka email, "Buses invoice," October 15 and 29, 2019, on file with The Sentry.

61 Email chain, "BOE FOLLOW UP LETTER," September 6-18, 2019, on file with The Sentry.

62 Fossil website screenshots of work on a particular road in Borrowdale for Sakunda Holdings and for work building $3.5 million executive residence for Warcos Investments, a company owned by Kudakwashe Tagwirei and his wife. Documents on file with The Sentry.

63 Ministry of Finance, "Public Debt Management Office Advisory Note: Sakunda Facilities," 2017, p. 2, available at: https://www.thestandard.co.zw/wp-content/uploads/2017/06/Public-Debt-Document.pdf

64 The Sentry communication with Sakunda Holdings, December 23, 2021.

65 The Sentry communication with Sakunda Holdings, December 23, 2021.

66 The Sentry communication with Sakunda Holdings, December 23, 2021.

67 Office of the Auditor-General, "Report of the Auditor-General for the Financial Year Ended December 31, 2018 on Appropriation Accounts, Finance and Revenue Statements and Fund accounts," 2019, p. 70, available at: http://www.auditorgeneral.gov.zw/downloads/category/3-ministries-and-departments?download=18:ag-report-2018-on-approriation-accounts-finance-accounts-revenue-statements-and-fund-accounts

68 *Ibid.*

69 Office of the Auditor-General, "Report of the Auditor-General for the Financial Year ended December 31, 2019 on Appropriation Accounts and Fund Accounts," 2021, pp. 33 and 47-48, available at: http://www.auditorgeneral.gov.zw/downloads/category/3-ministries-and-departments?download=38:ag-report-2019-for-appropriation-accounts-finance-accounts-revenue-statements-and-fund-accounts

70 Veritas, "Bill Watch 10-2017," available at: http://www.veritaszim.net/node/2017

71 Veritas, "SI 2017-152 Date of Commencement: Public Procurement and Disposal of Public Assets Act," available at: http://www.veritaszim.net/node/2297

72 Zimbabwe, Procurement Act, 1999, section 30, available at: https://www.law.co.zw/download/procurement-act-chapter-2214/

73 Zimbabwe, Public Procurement And Disposal Of Public Assets Act, 2017, sections 30-34, available at: https://www.veritaszim.net/node/2157

74 "In 2018, as part of the Revolving Agriculture Input program, Treasury entered into two contracts with a private lender for the financing of the 2018 winter wheat season worth $58 582 500 and $353 732 600 that was ear marked for the Special Maize and Soya Beans program for 2018/2019 summer season. The program was funded from the issuance of Treasury Bills. An advance payment of $182 500 000 was made to the lender in fulfilment of the terms of the contracts." See note 67, p. 70.

75 The Sentry communication with Sakunda Holdings, December 23, 2021.

76 The Sentry communication with Sakunda Holdings, December 23, 2021.

77 See note 21, (0:25:40).

78 See note 21, (0:50:45).

79 The figures for Summer 2018/2019 and Winter 2019 were read out later in the hearing. See note 2, (0:16:10).

80 The Sentry analysis of Treasury Bill issuance notes, schedules of domestic debt, and Sakunda's testimony to the PAC. See annex 1 for further discussion.

81 "Chair, on the first point, it is correct to say that it is over a billion dollars." See:

Public Accounts Committee, Ministry of Finance testimony, August 26, 2019, available at: https://www.facebook.com/newzimbabwecom/videos/371291020233539/ (0:35:00).

82 Three Treasury Bills of $26,253,750 and $756,731.25 and $24,195,000 were received by Sakunda for the Presidential Inputs Scheme. See annex 1 for further discussion.

83 This Facility Fee payments total consists of the May 15, 2017, Treasury Bill for $756,731.25 for the Presidential Inputs Scheme, as well as Command Agriculture payments, including: the Treasury Bill of July 31, 2017, for $3,347,600, and two payments for facility fees of $585,825 and $3,537,326 (totaling $4,123,151), which had their own Treasury Bill issuance notes but were, along with two other payments, wrapped up into a single Treasury Bill of $127,817,681 issued to Sakunda on March 14, 2018.

84 The Sentry calculations.

85 This report indicates that some of the Treasury Bills were sold, or "discounted." See note 19, p. 23, footnote 17.

86 On the size of the typical discount, see, for example, Zimplats' 2019 Annual Report, in which the Zimbabwean company describes selling a $11.3 million Treasury Bill in 2018 for $10.4 million. No wrong-doing is implied. See:

Zimplats, "2019 Integrated Annual Report," November 2019, p. 88, available at: https://www.zimplats.com/data/2019/11/2019_Integrated_Report_.pdf

87 On the size of the typical discount, the head of a fertilizer and seed company that supplied the Presidential Inputs Scheme testified to the Public Accounts Committee on this point. "[He] indicated that there was no premium, except the normal margin of about 20%. He pointed out that TBs had to be discounted at a rate between 10 to 15% and that

the Company had to raise US dollars through letters of credit for imported items." Public Accounts Committee hearing, February 24, 2020. Documents on file with The Sentry.

88 The Sentry communication with Sakunda Holdings, December 23, 2021.

89 The Sentry communication with Sakunda Holdings, December 23, 2021.

90 The Sentry communication with Sakunda Holdings, December 23, 2021 and January 17, 2022.

91 The Sentry communication with Sakunda Holdings, January 17, 2022.

92 See note 2, (1:07:00).

93 See note 67, p. 70.

94 The Sentry communication with Sakunda Holdings, January 17, 2022.

95 The Sentry communication with Sakunda Holdings, January 17, 2022.

96 See annex 2 for a detailed discussion of this Treasury Bill.

97 See note 2, (1:31:00).

98 The Sentry communication with Sakunda Holdings, December 23, 2021 and January 17, 2022.

99 The Sentry communication with Sakunda Holdings, December 23, 2021 and January 17, 2022.

100 See note 2, (1:31:00).

101 Landela Investments, registered in Zimbabwe, was owned by Mauritius-based Sotic International. Sotic, the subject of The Sentry report "Shadows and Shell Games," was at the time in question (2019) controlled by Kudakwashe Tagwirei; it was owned through a variety of Mauritius-based companies and trusts on his behalf. Landela Investments and Sotic International corporate registry documents are on file with The Sentry. See note 7.

102 Letters from Landela Investments to the Reserve Bank of Zimbabwe, June 4, 2019, on file with The Sentry.

103 Letters from Landela Investments to the Reserve Bank of Zimbabwe, June 4, 2019, on file with The Sentry.

104 Letters from Landela Investments to the Reserve Bank of Zimbabwe, June 4, 2019, on file with The Sentry.

105 Zimbabwe Mining Development Corporation, available at: www.zmdc.co.zw

106 Email from Norman Chimuka, Tagwirei's lawyer, to Kudakwashe Tagwirei and others in Sakunda, Fossil, and Sotic International, "Joint Venture Agreements - Signing (ZMDC) (1) Jena Mines (2) Sabi Mine (3) Elvington Mine (4) Golden Kopje (5) Sandawana Mine," January 17, 2020, on file with The Sentry.

107 Other emails discussing negotiations with the ZMDC date from October and November 2019. On file with The Sentry.

108 See note 7.

109 Military control is inferred from numerous documents on file with The Sentry, including a Pen East Mining Board Resolution signed by Major General SB Moyo authorizing the Permanent Secretary of the Ministry of Defence Martin Rushwaya to represent the company in the sale of its shareholding in a platinum mining company.

Pen East Board Resolution, April 12, 2019, on file with The Sentry.

110 Email from Norman Chimuka, Tagwirei's lawyer, to Christopher Fourie, the director of Landela, Sotic International, and Chervantes—the corporate vehicle set up to purchase Chemplex, "Chemplex transactions," September 25, 2019, on file with The Sentry.

111 Industrial Development Corporation of Zimbabwe, available at: http://idc.co.zw/

112 The Sentry communication with Sakunda Holdings, January 17, 2022.

113 International Monetary Fund, "Elusive Quest for Macro Stability in Zimbabwe," March 26, 2020, available at: https://www.elibrary.imf.org/view/journals/002/2020/082/article-A004-en.xml

114 Zimbabwe, Statutory Instrument 33 of 2019, Presidential Powers (Temporary Measures) (Amendment of Reserve Bank of Zimbabwe Act and Issue of Real Time Gross Settlement Electronic Dollars (RTGS Dollars)) Regulations, 2019, 4 (1) (d), available at: https://www.rbz.co.zw/documents/acts/SIs/RTGS--S.I.-33of-2019.pdf

115 International Monetary Fund, "IMF Staff Country Reports 2020, 082," available at: https://www.elibrary.imf.org/view/journals/002/2020/082/article-A004-en.xml

116 Ministry of Finance and Economic Development, "2019 Blue Book Combined," available at: http://www.veritaszim.net/

sites/veritas_d/files/2019_Blue_Book_Combined.pdf

117 Ministry of Finance and Economic Development, "Proposed Budget Estimates for the Year Ending December 31, 2020," November 14, 2019, available at: http://www.zimtreasury.gov.zw/index.php?option=com_phocadownload&view=category&download=246:2020-proposed-budget-estimates&id=54:2020-budget&Itemid=787

118 Ministry of Finance and Economic Development, "First Schedule 2021: Public Debt Charges and Repayments," available at: http://www.zimtreasury.gov.zw/index.php?option=com_phocadownload&view=category&download=378:first-schedule-2021-preliminary-with-zamco-n-debt-assumed-3&id=65:2021-budget&Itemid=790

119 This Treasury Bill matured on August 9, 2021, and therefore would have been worth approximately US$223,975, using the RBZ interbank middle rate 1:85.72860 for August 11, 2021, the closest day for which the interbank rate is available.

120 This Treasury Bill matured on October 31, 2021, and therefore would have been worth approximately US$117,121, using the RBZ interbank middle rate 1: 97.1361 for November 1, 2021, the closest day for which the interbank rate is available.

121 According to their 2019 Annual Report, Zimplats sold this Treasury Bill in 2018 for $10.4 million. The holder of the asset at the time it matured is not known. See note 86, p. 88.

122 Khadija Sharife and Mark Anderson, "As U.S. Sanctions Loomed, a Tycoon 'Mopped Up' Zimbabwe's Scarce Dollars, and Acquired a Lucrative Platinum Mine," Organized Crime and Corruption Reporting Project, January 13, 2022, available at: https://www.occrp.org/en/investigations/as-us-sanctions-loomed-a-tycoon-mopped-up-zimbabwes-scarce-dollars-and-acquired-a-lucrative-platinum-mine

123 See annex 2.

124 The Sentry communication with Sakunda Holdings, December 23, 2021 and January 17, 2022.

125 Letters from Landela Investments to the Reserve Bank of Zimbabwe, June 4, 2019, on file with The Sentry.

126 Email from Norman Chimuka, Tagwirei's lawyer, to Tagwirei, a Sakunda staff member, and Christopher Fourie, the director of Landela Mining Venture, "GDI Transaction – Capital Gains Tax Payment," November 19, 2019, on file with The Sentry.

127 Email from Norman Chimuka, Tagwirei's lawyer, to Christopher Fourie, the director of Landela, Sotic International, and Chervantes—the corporate vehicle set up to purchase Chemplex, "Chemplex transactions," September 25, 2019, on file with The Sentry.

128 See note 114.

129 *Zambezi Gas Zimbabwe (Pvt) Ltd v. N.R Barber (Pvt) Ltd and Another, SC3/20,* Zimbabwe Supreme Court, 2020, available at: https://www.veritaszim.net/node/3905

130 See note 114.

131 SI 33 inserts section 44C(2) into "the principal Act" – namely:

Zimbabwe, Reserve Bank of Zimbabwe Act, 1999, chapter 22:15, available at: https://www.rbz.co.zw/documents/acts/RBZ_Act.pdf

132 *Breastplate Service (Pvt) Ltd v Cambria Africa PLC, SC66/20,* Mutare High Court, 2019, available at: https://zimlii.org/zw/judgment/mutare-high-court/2019/55

133 Landela Investments and Sakunda Holdings corporate registry documents, on file with The Sentry.

134 See note 2, (1:38:00).

135 See note 2, (1:34:00).

136 Sakunda: The transaction from RBZ to Sakunda of ZWL$498,682,191.08 divided by 10.2825 (the mid interbank rate of August 23, 2019) equals US$48,498,146.47. If the rate was 1:1, then Sakunda should have received ZWL$48,498,146.47. Subtracting ZWL$48,498,146.47 from ZWL$498,682,191.08 equals ZWL$450,184,044.61—the extra ZWL received from the favorable exchange rate. Using the same interbank rate, we can work out the then-US dollar value of that extra ZWL$450 million: ZWL$450,184,044.61 divided by 10.2825 equals US$43,781,574.97. Landela: The two letters request that US$21,000,000 and US$39,720,685.59 be exchanged into RTGS$115,783,500 and RTGS$219,000,000, respectively. This is a total of US$60,720,685.59 being exchanged into RTGS$334,783,500 at the then-interbank rate of 5.5135. If a rate of 1:1 had been used, then Landela would have received

RTGS$60,720,685.59. Subtracting RTGS$60,720,685.59 from RTGS$334,783,500 equals RTGS$274,062,814.41—the extra RTGS dollars gained by using the favorable rate. Using the same interbank rate, this RTGS$274 million is equivalent to US$49.7 million: RTGS$274,062,814.41 divided by 5.5135 equals US$49,707,593.07.

Adding these two US dollar equivalent values together—Landela's US$49,707,593.07 and Sakunda's US$43,781,574.97—equals US$93,489,168.04.

137 Letters from Landela Investments to the Reserve Bank of Zimbabwe, June 4, 2019, on file with The Sentry.

138 Letters from Landela Investments to the Reserve Bank of Zimbabwe, June 4, 2019, on file with The Sentry.

139 Sakunda Holdings, Bank statement, August 23, 2019, on file with The Sentry.

140 Reserve Bank of Zimbabwe, "USD Mid Rate," Exchange Rates, August 23, 2019, available at: https://www.rbz.co.zw/documents/Exchange_Rates/2019/Aug/Rates-23-August-2019.pdf

141 The Sentry communication with Sakunda Holdings, December 23, 2021.

142 See note 1.

143 International Monetary Fund, "Zimbabwe: 2019 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Zimbabwe," March 26, 2020, p. 11, available at: https://www.imf.org/en/Publications/CR/Issues/2020/03/19/Zimbabwe-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-49283

144 *Ibid.*

145 The Sentry communication with Sakunda Holdings, December 23, 2021.

146 See note 115.

147 See note 2, (1:13:00 and 1:07:00).

148 See note 2, (1:13:00 and 1:07:00).

149 See note 2, (1:13:00 and 1:07:00).

150 "The 'Presidential Input Scheme' and 'Command Agriculture' are the central programs in the authorities' agricultural system, which they plan to rationalize in 2019. The former program oversees the distribution of inputs to farmers for free (or at highly subsidized rates), and aims to protect vulnerable households, but suffers from a lack of targeting. Command agriculture is the main vehicle for the authorities to spur agricultural production, mostly by focusing on the provision of loan guarantees to farmers for the purchase of inputs. Despite successful agricultural seasons in recent years, the default rate on these loans has been very high (above 35 percent), with strategic default and off-selling playing an important role. Despite these drawbacks, and the large fiscal costs, the Ministry of Lands, Agriculture, and Rural Resettlement remains bullish on the program and the possibility of further expanding it into other agricultural commodities." See:

International Monetary Fund, "Staff-Monitored Program—Press Release and Staff Report," May 2019, available at: https://www.imf.org/en/Publications/CR/Issues/2019/05/31/Zimbabwe-Staff-Monitored-Program-Press-Release-and-Staff-Report-46952

151 See note 19, p. 23.

152 See note 19, p. 23.

153 A survey conducted in the districts of Mvurwi and Masvingo-Gutu found that while the vast majority of recipients of medium-sized (so-called "A2") farms under the fast track land reform program were not politically connected cronies, a significant number were either currently, or had previously been, a member of the security services: 18% in Mvurwi and 10% in Masvingo-Gutu, with 31% of recipients in Mvurwi and 18% in Masvingo-Gutu self-identifying as "war veterans." See note 5.

154 31% of recipients in Mvurwi and 18% in Masvingo-Gutu self-identify as "war veterans." See note 5.

155 BBC News, "Zimbabwe Succession Row: Grace Mugabe Warns of Coup Plot," October 6, 2017, available at: https://www.bbc.co.uk/news/world-africa-41530924

156 Tinashe Kairiza, "Mugabe's Reshuffle a Factional Move," Zimbabwe Independent, October 17, 2017, available at: https://www.theindependent.co.zw/2017/10/17/mugabes-reshuffle-factional-move/

157 See note 11.

158 Douglas Rogers, *Two Weeks in November: The Astonishing Inside Story of the Coup That Toppled Mugabe*, London:

Short Books, 2019.

159 See note 11.

160 "Understanding of Statement by His Excellency the President's Address of the 19th of November 2017 on the State of the Party and Nation," appended to New Patriotic Front's petition to the African Union and Southern African Development Community, January 29, 2018, p. 51, available at: https://t792ae.c2.acecdn.net/wp-content/uploads/2018/02/New-Patriotic-Front-NPF-Documents-To-African-Union.pdf

161 Constitution of Zimbabwe, 2013.

162 Zimbabwe, Public Finance Management Act, 2019, sections 7, 10, 28, 32, 34, 35, 48, and 49.

163 See note 161.

164 Veritas, "Breakdown of Amounts to be Condoned by Financial Adjustments Bill," available at: https://www.veritaszim.net/node/3788

165 Letters requesting Treasury Bills to be paid to "CISM Fund," November 6, 2017, on file with The Sentry.

166 Letter requesting Treasury Bills to be paid to "MOD," July 27, 2017, on file with The Sentry.

167 Office of the Auditor-General, "Report of the Auditor-General for the Financial Year Ended December 31, 2017 on Appropriation Accounts, Finance and Revenue Statements and Accounts," 2018, pp.125-126, available at: http://www.auditorgeneral.gov.zw/downloads/category/3-ministries-and-departments?download=17:ag-report-2017-for-appropriation-accounts-finance-accounts-revenue-statements-and-fund-accounts

168 The allocated budget for the Ministry of Agriculture for 2017 was $292,696,000. The chairman of the Public Accounts Committee noted that the "unallocated reserve" was six times the Ministry's budget. See note 167 and:

Public Accounts Committee, Oral evidence from Permanent Secretary for Lands, Agriculture, Water, Climate and Rural Settlement Ringson Chitsiko on the 2017 Auditor-General Report, July 8, 2019, available at: https://www.facebook.com/newzimbabwecom/videos/858858471180714/ (1:02:00).

169 Public Accounts Committee, Oral evidence from Permanent Secretary for Lands, Agriculture, Water, Climate and Rural Settlement Ringson Chitsiko on the 2017 Auditor-General Report, July 8, 2019, available at: https://www.facebook.com/newzimbabwecom/videos/858858471180714/ (1:02:00).

170 *Ibid.*, (1:03:00 and 1:09:00).

171 Public Accounts Committee, Oral evidence from the Grain Marketing Board, March 9, 2020, available at: https://www.facebook.com/openparlyzw/videos/600780800472596/ (1:02:00).

172 Public Accounts Committee, Oral evidence from the Reserve Bank of Zimbabwe, September 26, 2019, available at: https://www.facebook.com/newzimbabwecom/videos/2462369497379120/ (0:34:00).

173 See note 81, (0:27:50).

174 See note 81, (1:07:00).

175 See note 3.

176 See note 167, pp. 125-126.

177 See note 67, pp. 145-146.

178 See note 69, p. 47.

179 See note 3.

180 See note 161, chapter 17, sections 300 and 303.

181 See note 161, chapter 17, section 305.

182 See note 161, chapter 17, section 305.

183 See note 161, chapter 17, section 307.

184 See note 164.

185 The Sentry, "Public Expenditure in 2017 and 2018 by the RBZ and From the Consolidated Revenue Fund," March 2022, available at: https://thesentry.org/reports/zimbabwe-command-agriculture/

186 See note 3, pp. 40-44.

187 See note 185.

188 See note 3, pp. 40-44.

189 See note 3, pp. 40-44.

190 See note 3, pp. 40-44.

191 See note 3, pp. 40-44.

192 For details on a series of Treasury Bill issuance notes sent from the Treasury to the RBZ approving the creation of Treasury Bills for various purposes and for a list of unapproved spending in 2017 and 2018, see note 185 and:

The Sentry, "Treasury Bill Issuance Notes, 2015-2018," March 2022, available at: https://thesentry.org/reports/zimbabwe-command-agriculture/

193 The Sentry, "Treasury Bill Issuance Notes, 2015-2018," March 2022, available at: https://thesentry.org/reports/zimbabwe-command-agriculture/

194 See note 3.

195 See notes 185 and 193.

196 See notes 185 and 193.

197 See note 3.

198 Letters requesting Treasury Bills to be paid to "CISM Fund," November 6, 2017, on file with The Sentry.

199 Letter requesting Treasury Bills to be paid to "MOD," July 27, 2017, on file with The Sentry.

200 Reuters, "Factbox: Key Figures in Zimbabwe First Lady Grace Mugabe's 'G40' faction," November 15, 2017, available at: https://www.reuters.com/article/zimbabwe-politics-g40-idINKBN1DF1D3

201 Zimbabwe Lawyers for Human Rights, "Charumbira's Call for Chiefs to Back Mugabe in 2018 Elections, A Blatant Violation of the Constitution," October 31, 2017, https://www.zlhr.org.zw/?p=1027

202 *Ibid.*

203 Letters requesting Treasury Bills to be paid to "CISM Fund," November 6, 2017, on file with The Sentry.

204 Letter requesting Treasury Bills to be paid to "MOD," July 27, 2017, on file with The Sentry.

205 International Military Sports Council, available at: https://www.milsport.one

206 Zimbabwe National Army Newsletter, Third Quarter Edition 2018, available at: http://www.zna.gov.zw/index.php?option=com_phocadownload&view=category&download=27:zna-magazine-3rd-edition&id=1:zna-magazine&Itemid=678

207 VOA News, "Zimbabwe's Mugabe Fires Popular Vice President," November 6, 2017, available at: https://www.voanews.com/a/zimbabwe-mugabe-fires-popular-vice-president/4103504.html

208 Transparency International, "Recommendations on Open Contracting for OGP Action Plans," 2018, p. 6, available at: https://www.transparency.org/files/content/activity/Rec_on_Open_Contracting_for_OGP_action_plans_-_FINAL.pdf

209 World Bank Group, "Benchmarking Public Procurement," 2017, p .28, available at: https://documents1.worldbank.org/curated/en/121001523554026106/Benchmarking-Public-Procurement-2017-Assessing-Public-Procurement-Regulatory-Systems-in-180-Economies.pdf

210 See note 162, section 88.

211 Zimbabwe, Public Finance Management (General) Regulations, 2019, sections 51-56.

212 For a list of companies in the Tagwirei network, see note 7.

213 See note 6.

214 See note 21, (0:50:45).

215 The figures for summer 2018/2019 and winter 2019 were read out in the PAC hearing. See note 2, (0:16:10).

216 The Sentry communication with Sakunda Holdings, December 23, 2021.

217 Some of these sums match the contract values referred to by the auditor-general: "In 2018, as part of the Revolving Agriculture Input program, Treasury entered into two contracts with a private lender for the financing of the 2018 winter wheat season worth $58 582 500 and $353 732 600 that was ear marked for the Special Maize and Soya Beans

program for 2018/2019 summer season. The program was funded from the issuance of Treasury Bills. An advance payment of $182 500 000 was made to the lender in fulfilment of the terms of the contracts." See note 67, p. 70.

218 At one point Sakunda's chief operating officer, during a discussion about the possibility of supplying fuel, said that the program cost $36 million to run in the first 2016/2017 season. However, it is unclear whether this refers to administrative costs or fuel costs, and, if fuel, whether Sakunda provided that fuel. See note 21, (0:29:00).

219 Three Treasury Bills of $26,253,750 and $756,731.25 and $24,195,000 were received by Sakunda for the Presidential Inputs Scheme.

220 The Sentry analysis of Treasury Bill issuance notes, budgetary material, and evidence submitted to the Public Accounts Committee, on file with The Sentry.

221 The Sentry communication with Sakunda, December 23, 2021.

222 See note 2, (1:07:00).

223 See note 2, (0:13:00).

224 This latter payment is the same as the $182.5 million "advance payment" for the winter 2018 and summer 2018/2019 season paid to a "private lender" (i.e. Sakunda) that was referred to in the auditor-general's 2018 report. See note 67, p. 70.

225 NewZWire, "Motorists Pay the Price for NOCZIM's Unending Debt," June 27, 2020, available at: https://newzwire.live/wp-content/uploads/2020/06/NewZWrap-27-June-2020.pdf

226 This was not the first time the NOCZIM fund had been used to pay off a creditor: "As highlighted in my previous audit, the Fund was paying $2.7 million a month from September 05, 2014 to extinguish a loan of $67 million which was meant to fund Government operations. However, I was not furnished with the approval from Treasury that the Fund should meet the monthly repayments of $2.7 million. This was contrary to the provisions of the Debt Redemption Fund Constitution Section 6 paragraph 6.1 and 6.2 which stipulates that the expenditure of the Fund shall consist of the Redemption of the NOCZIM Debt and such other expenses, as the Treasury may approve." See:

Office of the Auditor-General, "Report of the Auditor-General for the Financial Year Ended December 31, 2015," p. 146.

227 Sakunda did not directly respond to a question that asked: "Was any portion of those payments returned to the Treasury or somehow 'netted off' against other loan repayments? Or was it retained by Sakunda (for paying suppliers)?" Instead, it responded: "In the first season (2016-17) we received two pronged security in TBs and an account charge being a lien placed on a collection account. The collection account received securitized funds in the sum of $47,666,667 from the Debt Redemption Fund which was receivable at a rate of $2.7 million per month over a period of 18 months commencing January 2017. The payment of $182,500,790 was not done at the beginning of 2018 as your question suggests, but actually effected in 2019. However, during the 2018-19 season, Government only securitized 50% of the contract value, and hence the payment of $182,500,790 was made to Sakunda by Government after farmers defaulted on their commitments under the Programme."

The Sentry communication with Sakunda, January 17, 2017.

228 See note 2, (1:07:00).

229 The Sentry communication with Sakunda, January 17, 2017.

230 See the Treasury Bill issuance letters reproduced in the body of this report.

231 See the Treasury Bill issuance letters for the military and paid to the CISM account reproduced in the body of this report.

232 See note 193.

233 During Sakunda's testimony before the PAC, it was asked about payments in a question that began, "During the period October 2016 to April 2018, a total of $775 million …," implying this was the period for which the Ministry of Finance and RBZ had submitted payment and Treasury Bill details. See note 2, (0:11:40).

234 Ministry of Finance and Economic Development, "Budget Estimates for the Year Ending December 31, 2018," December 7, 2017, available at: http://www.zimtreasury.gov.zw/index.php?option=com_phocadownload&view=category&download=171:2018-estimates-of-expenditure&id=20:budget-policy-statements&Itemid=759

235 See note 116.

236 See note 116, p. 307.

237 See note 117.

238 See note 2, (1:31:00).

239 The Sentry communication with Sakunda, January 17, 2017.

240 The Sentry communication with Sakunda Holdings, December 23, 2021.

241 See note 2, (1:31:00).

242 See note 143.

243 See note 115.

244 Everson Mushava and Fidelity Mhlanga, "IMF Raises Red Flag Over ED Top Ally Project,' NewsDay, September 27, 2019, available at: https://www.newsday.co.zw/2019/09/imf-raises-red-flag-over-ed-top-ally-project/

245 Letters from Landela Investments to Reserve Bank of Zimbabwe, June 4, 2019, on file with The Sentry.

246 The Sentry communication with Sakunda Holdings, January 17, 2022.

247 "Banking services for the client(s) under reference were discontinued a while back. As such, and due to banker/client confidentiality, we cannot comment nor confirm a former client's banking transactions without their explicit consent or a court order."

BancABC, email communication with The Sentry, March 8, 2022.

248 The Sentry has seen evidence of RTGS cash payments from Landela to Sakunda Energy in August 2019: "Good Day, Kindly disregard the 5M to Sakunda Energy Banc Abc and sign the new instruction to Sakunda Energy of 20M." There was a similar request to pay ZWL$30.9 million from Landela Investments to Sakunda Energy on August 5, 2019.

Email communication, August 5, 2019, on file with The Sentry.

Email from Sakunda staff member to Landela Investments directors, August 7, 2019.

249 On July 29, 2019, one of Landela's directors responded to another director's enquiries about whether transactions relating to Treasury Bills had been properly authorized, saying: "I didn't sign these…You will see that the signature page is page2. Perhaps the ZIM team used some of the ones I signed last time I was in ZIM for the transfers for the treasury bills that Kuda asked to sell. I was in Cpt last week – the documents I signed was on the 10th of July 2019 these ones are dated the 22nd and 23rd." Tagwirei then responded to this email chain on July 30, 2019: "I am managing TBs using the Landela account." See note 122.

250 Sakunda Holdings, Bank statement, August 23, 2019, on file with The Sentry.

251 See note 2, (1:31:00).

252 Ministry of Finance and Economic Development, "2022 Proposed Budget Estimates," p. 542, available at: http://www.zimtreasury.gov.zw/index.php?option=com_phocadownload&view=category&download=445:2022-proposed-budget-estimates&id=67:2022-budget&Itemid=793

253 Ecobank email communication with The Sentry, January 17, 2022.

254 See note 2, (1:31:00).

255 The Sentry approached Ecobank, which declined to comment. Ecobank email communication with The Sentry, January 17, 2022.